



Bhagyanagar Gas Ltd.

Bhagyanagar Gas Limited

A Joint Venture of GAIL & HPCL



Normal 

**15th Annual Report
2017-18**



Bhagyanagar Gas Ltd.

15th Annual Report 2017-2018

CORPORATE INFORMATION

PRESENT BOARD OF DIRECTORS

Shri S.P.Gupta, Chairman
Shri S.Bairagi, Director
Shri Rajesh Vedvyas, Independent Director
Shri S.V.Prasad, Managing Director
Shri Sanjiv Gujral, Director Commercial cum C.F.O

PRESENT NOMINATION & REMUNERATION COMMITTEE MEMBERS

Shri Rajesh Vedvyas, Chairman
Shri S.P.Gupta, Member
Shri S.Bairagi, Member

PRESENT AUDIT COMMITTEE MEMBERS

Shri Rajesh Vedvyas, Chairman
Shri S.V.Prasad, Member
Shri Sanjiv Gujral, Member

PRESENT CSR COMMITTEE MEMBERS

Shri Rajesh Vedvyas, Chairman
Shri S.V.Prasad, Member
Shri Sanjiv Gujral, Member

COMPANY SECRETARY

Smt. Malleswari.G



Bhagyanagar Gas Ltd.

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STATUTORY AUDITORS

M/s S.DAGA & Co., Chartered Accountants

INTERNAL AUDITORS

M/s C.Ramachandram & Co., Chartered Accountants

COST AUDITORS

M/s Nageswara Rao & Co., Cost Accountants

TAX AUDITORS

M/s S.DAGA & Co., Chartered Accountants

SECRETARIAL AUDITORS

M/s Nekkanti S.R.V.V.V.S.Narayana & Co., Company Secretaries

BANKERS

ICICI Bank Limited

REGISTERED OFFICE

Second Floor, Parisrama Bhawan, APDIC Building,
Basheer Bagh, Hyderabad - 500 004
Tel: 040 - 23245083/ Fax: 040 66565081
Website: www.bglgas.com

REGISTRARS & SHARE TRANSFER AGENTS

KARVY COMPUTER SHARE PRIVATE LIMITED

Karvy Selenium Tower B, Plot no 31& 32

Gachibowli, Financial District, Nanakramguda Serilingampally, Hyderabad-500 032

Registered Office: Karvy House 46, Avenue 4, Street No.1, Banjara Hills, Hyd-34



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NOTICE OF 15th ANNUAL GENERAL MEETING

Notice is hereby given that 15th Annual General Meeting of the Members of Bhagyanagar Gas Limited will be held on Monday, 24th September 2018 at 3.00 P.M. at the Regd. Office of the company situated at Second Floor, Parishram Bhawan, APIDC Building, Basheer Bagh, Hyderabad - 500 004 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Financial Statements for the financial year ended 31st March, 2018 and Report of Board of Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri Sanjiv Gujral (DIN 07808552) who retires by rotation and being eligible, offers himself for re-appointment.
3. To authorize Board of Directors of the Company to fix remuneration of Statutory Auditors of the Company M/s S.Daga & Co., Chartered Accountants (Firm Registration No: 000669S) appointed by Comptroller and Auditor General of India for the financial year 2018-19, in terms of the provisions of Section 142 of the Companies Act, 2013.

SPECIAL BUSINESS

4. Appointment of Shri S.V Prasad (DIN 02897631) as Director on the Board.

To consider, and if thought fit, to pass with or without modification(s), the following resolutions as an Ordinary Resolution:-

“RESOLVED THAT, Shri S.V Prasad (DIN 02897631) who was appointed as an Additional Director of the Company by the Board of Directors w.e.f 27th April 2018 and in terms of section 161 of the Companies Act, 2013, and who holds office up to the date of this Annual General Meeting and is eligible for appointment in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

5. Appointment of Shri S.V Prasad (DIN 02897631) as Managing Director on the Board.

To consider, and if thought fit, to pass with or without modification(s), the following resolutions as a Special Resolution: -

"RESOLVED THAT, pursuant to the provisions of Sections 196, 197, 198 and Schedule V and other applicable provisions if any of the Companies Act, 2013, consent of the Company be and is hereby accorded to the appointment of Shri S.V Prasad (DIN 02897631) as Managing Director for a period of three years with effect from 27th April 2018 to 26th April 2021 on such terms and conditions as set out in the Explanatory Statement attached to this notice.

RESOLVED FURTHER THAT for the purpose of giving effect to the foregoing resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in the said regard."

6. Appointment of Shri Satyabrata Bairagi (DIN 08167365) as Director on the Board.

To consider, and if thought fit, to pass with or without modification(s), the following resolutions as an Ordinary Resolution: -

"RESOLVED THAT, Shri Satyabrata Bairagi (DIN 08167365) who was appointed as an Additional Director of the Company by the Board of Directors w.e.f 2nd July 2018 and in terms of section 161 of the Companies Act, 2013, and who holds office up to the date of this Annual General Meeting and is eligible for appointment in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. Remuneration to Cost Auditors for financial year 2018-19.

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT, the Board of Directors of the Company be and is hereby authorised to fix the remuneration to Cost Auditor (s) to be appointed by the BOD of the Company to conduct the audit of cost records of various units of the Company for the financial year 2018-19"

Place: Hyderabad
Date: 24.08.2018

By order of the Board
(Bhagyanagar Gas Limited)


(MALLESWARI G)
Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING (PROXY FORM IS ANNEXED HEREWITH).

Pursuant to the provisions of section 105 of the Companies Act, 2013, a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

A proxy form is sent herewith. Proxies submitted on behalf of the Companies must be supported by appropriate resolution.

2. Explanatory Statement pursuant to section 102 of the Companies Act, 2013 read with Secretarial Standards issued by the Institute of Company Secretaries of India in respect of the Special Business is annexed hereto.
3. Corporate members intending to send their authorized representative(s) to attend the meeting are required to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote on their behalf at the meeting.
4. Members/Proxies are requested to bring the attendance slips duly filled in to the meeting.

IMPORTANT COMMUNICATION TO MEMBERS

As per provisions of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, Company may give notice etc. through electronic mode i.e., by e-mail as a text or as an attachment to e-mail or as a notification providing electronic link. This year also, your Company has sent the email of notice of AGM members who are entitled to attend the same and also hosted on the website of the Company apart from posting the Annual Report.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO 4 & 5:

As per the recommendations of "Nomination and Remuneration Committee" Board of Directors have appointed Shri Sankavaram Venkateswara Parasad, nominee of GAIL, as Managing Director of Bhagyanagar Gas Limited for a period of three years with effect from 27th April 2018 to 26th April 2021 in pursuance of Article 31 of the Articles of Association of the Company and the provision of Section 196, 197, 198 and schedule V of the Companies Act, 2013 w.e.f 27th May 2018 to 26th May 2021.

In this regard, the Company has received request in writing from a shareholder of the company proposing his candidature for appointment as Director of the Company.

Shri S.V Prasad is a Graduate in BE (Electrical Engineering) and Post Graduate in MBA Project Management. He is a certified Chartered Engineer and Fellow of Institution of Engineers, Kolkotta. He joined GAIL in November 1988 as Asst.Executive Engineer.

Before take over as MD, BGL on 27th April 2018, Sh. S.V Prasad has worked for various crucial assignments under various cadres as given below:

- From 1988 to 1997, he worked for the construction of LPG Recovery- Plant at Vijaipur, M.P, and also followed by its Commissioning, Operation & Maintenance.
- From 1997 to 2003, he worked for Construction, Commissioning, Operation & Maintenance of LPG Plant at Usar, Maharashtra State.

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- From 2003 to 2009, he worked for the Construction, Commissioning, Operation & Maintenance of 600 Kms. Visakhapatnam-Secunderabad LPG Pipeline.
- From 2009 to 2014, he worked for the BGL, and executed CGD Projects and O&M in the cities of Hyderabad, Vijayawada and Kakinada.
- From 2014 to 2018, he worked as CGM (O&M) of NCR GAIL, in Operation Maintenance of 2000 kms. of Pipeline Network covering 7 States, supplying 28 MMSCMD per day under NCR Zone

He has also actively participated in various Technical Seminars and Workshops at National and International level on O&M and Pipeline integrity and Senior Managerial Developmental Programs. He is a certified lead Auditor for ISO 9001 and also 'Six Sigma' Black Belt certified.

The terms and conditions of the appointment of Sh. SV Prasad who is on deputation to BGL are as under:-

Period

Period of appointment is 3 years w.e.f 27th May 2018 to 26th May 2021

Salary

Basic pay per month Rs.2,07,230/- In addition he is entitled to variable D.A., Educational and Hostel Allowances, Professional Pursuit Allowances, deputation allowances and other allowances as per rules of GAIL.

Annual Increment as per rules of GAIL

In addition to salary, the following perquisites will be provided as per relevant applicable rules of GAIL:-

Housing	HRA/ Company Leased Accommodation as per applicable rules of GAIL
PF Contribution	Contribution to Provident Fund, Superannuation Benefit Fund Scheme in accordance with the Rules of GAIL
Gratuity	Gratuity as per the applicable rules of GAIL

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Conveyance	Car with driver at the place of posting, presently Hyderabad
Entertainment expenses and other business expenses	Reimbursement of travelling and other expenses incurred for the business of the Company.
Leave	Leave as per the Rules of GAIL
Other allowances, benefits and perquisites	Other allowances, benefits and perquisites etc. as per the Rules of GAIL

As per Section 197 (1) of the Companies Act, 2013 the total managerial remuneration payable by public company to its directors, including Managing Director and Whole Time Director and its manger in respect of any financial year shall not exceed 11% of net profits of the company.

However, as per section 197(3) of the Companies Act,2013 if any financial year, company has no profits or its profits are in adequate, Managerial Remuneration payable to Managing Director and Whole Time Director and its manager shall be as per the limits specified in Section II of Part II of Schedule V of the Companies Act, 2013.

Shri Sankavaram Venkateswara Parasad, is interested in this Resolution mentioned at Item No. 4 & 5 of the Notice to the extent of his appointment as Director.

Other than Shri Sankavaram Venkateswara Parasad, no other Directors, Key Managerial Personnel or their relatives are concerned or interested in the Resolutions mentioned at Item No. 4 & 5 of the Notice.

Qualifications	BE (Electrical Engineering) and Post Graduate in MBA Project Management. Certified Chartered Engineer .
Experience	30 Years
Date of First Appointment	27 th April 2018
Relationship with Other Key Managerial Personnel (KMPs) and Directors	No relationship with other Key Managerial Personnel (KMPs) and Directors.
Shareholding in the Company	NIL
Other Director ship in other Companies	NIL
No.of meetings of the Board attended from 01-04-2017 to 31-03-2018 after from the date of his appointment.	NIL , his appointment date is 27 th April 2018.

Your Directors recommend the resolution for approval of shareholders as a Special Resolution.

ITEM NO 6:-

Shri. S. Bairagi (DIN 08167365), was appointed as an additional Director by the Board of Directors w.e.f 27th June 2018 in accordance with the provisions of Section 161 of the Companies Act 2013 and the Articles of Association of the Company and he holds office up to the date of the ensuing Annual General Meeting.

In this regard, the Company has received request in writing from a shareholder of the company proposing his candidature for appointment as Director of the Company.

Shri S. Bairagi is Mechanical Engineering (B-Tech) from IIT, Kharagpur, and Acquired Management and leadership knowledge through Executive Management Programs from IIM Kolkata, IIM Lucknow and ISB Hyderabad. Also completed program on Maximizing Leadership Potential from Harvard Business School.

- 30 years of rich experience in Oil & Gas Industry with GAIL (India) Limited in various functions like Projects Execution, Operation & Maintenance of Pipeline & its associated installations, Research & Development and Marketing of Natural Gas & Petrochemicals.
- He Was involved in project execution of part of HVJ Natural Gas pipeline. Long experience in Operation & Maintenance of compressor station and Natural gas pipeline.
- Headed GAIL's R&D team for 3 years.
- Served in leadership position as Officer- In-Charge of Jhabua compressor station - one of the six Compressor stations in HVJ pipeline system. Also led Central Integrity Management Group of Corporate O&M.
- 3 years of experience in Corporate Marketing - Gas Transmission, International & domestic gas sourcing.
- Served 2 years with dual responsibility of heading Jamnagar-Loni LPG pipeline system as well as Marketing head of Jaipur Zonal Office.

Shri S. Bairagi (DIN 08167365), is interested in this Resolution mentioned at Item No. 6 of the Notice to the extent of his appointment as Director.

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Other than Shri S.Bairagi (DIN:08167365) no other Directors, Key Managerial Personnel or their relatives are concerned or interested in the Resolutions mentioned at Item No. 6 of the Notice.

Qualifications	Mechanical Engineering (B-Tech) from IIT, Kharagpur, and Acquired Management and leadership knowledge through Executive Management Programs from IIM Kolkata, IIM Lucknow and ISB Hyderabad. Also completed program on Maximizing Leadership Potential from Harvard Business School.
Experience	30 Years
Date of First Appointment	27 th June 2018
Relationship with Other Key Managerial Personnel (KMPs) and Directors	No relationship with other Key Managerial Personnel (KMPs) and Directors.
Shareholding in the Company	NIL
Other Director ship in other Companies	Indraprastha Gas Limited
No.of meetings of the Board attended from 01-04-2017 to 31-03-2018 after from the date of his appointment.	NIL , his appointment date is 27 th June 2018.

Your Directors recommend the resolution for approval of shareholders as an Ordinary Resolution.

ITEM NO. 7

In accordance with the provisions of section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, consent of the shareholders taken in the 14th Annual General Meeting, for authorizing the Board to approve the remuneration payable to the Cost Auditors for the financial year 2017-18.

The Board of Directors of the Company passed a resolution for appointment and remuneration payable to M/s Nageswara Rao & Co, Cost Accountants, Hyderabad [bearing Firm Registration Number 000332] to conduct the audit of the cost records of the Company for the financial year 2017-18.

Cost auditors for FY 2018-19 are yet to be appointed by the Board, therefore, consent of the is sought for authorizing the Board to approve the remuneration payable to the Cost Auditors for the financial year 2018-19.

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No Directors, Key Managerial Personnel and/or their relatives, is/are interested or concerned, financially or otherwise in the 7.

Your Directors recommend the resolution for approval of shareholders an ordinary resolution.

By Order of the Board
(Bhagyanagar Gas Limited)

Place: Hyderabad
Date: 24.08.2018


Malleswari G
Company Secretary

Bhagyanagar Gas Limited
(CIN: U40200TG2003PLC041566)
Regd. Office: Parishram Bhavan, APIDC Building, Basheer Bagh
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DIRECTORS' REPORT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of your company, I am delighted to present the 15th Annual Report of your Company along with the audited financial statements for the year ended on 31st March, 2018.

PERFORMANCE DURING THE YEAR :-

A. During the year, segment wise sales turnover was :-

(Rs. in Lakhs)

Product	For the year		% Growth (YoY)
	31-03-2018	31-03-2017	
Compressed Natural Gas (CNG)	12666.23	12185.64	3.944
Piped Natural Gas (PNG)	2876.79	808.17	255.96
Auto Liquified Petroleum Gas (ALPG)	116.35	127.61	-8.8
Total	15659.37	13121.42	19.34
Average Sales Per Day (MMSCMD)	0.138604	0.115009	20.51

B. The Company's financial is summarized below: -

(Rs. In Lakhs)

Particulars	For the year 31.03.2018	For the year 31.03.2017
Revenue from Operations	15,659.37	13,121.42
Other Income	236.46	360.30
Total Revenue	15895.83	13,481.72
Cost of materials consumed/purchases/others	11388.72	8,677.53
Employee benefit expenses	567.68	387.66
Earnings Before Depreciation, Interest and Tax	3939.43	4,416.53
Depreciation	980.49	822.09
Finance Cost	1514.65	1,758.29
Profit before tax	1444.29	1,836.15
Current Tax	268.59	397.76
Deferred Tax	259.70	128.32
Net Profit for the year after Tax	916.00	1,310.06

TRANSFER TO RESERVE: -

The company has not transferred any funds to Reserves during the year.

BUSINESS & OPERATIONS: -

A) Project Highlights (As on 31st March 2018)

a) Hyderabad -

- Operating total 33 CNG Stations. (1 Mother Station, 1 CoCo, 28 Retail Outlets and 3 TSRTC Depots).
- Approx. 25,000 vehicles are running on CNG. (Buses, Autos and Cars).
- Cumulative 182 KMs of MDPE pipeline laid.
- As on 31st March, 2018, 7743 no's PNG-Domestic connections are provided. (cumulative).
- Cumulative 44 KMs of Steel pipeline laid.

b) Vijayawada -

- Operating total 13 CNG Stations. (1 Mother Station, 3 APSTCS, 2 online and 7 Daughter Booster Stations)
- Cumulative 85 KMs of MDPE pipeline laid.
- Cumulative 35 KMs of Steel pipeline laid.
- Approx. 16500 vehicles are running on CNG (Buses, Autos and Cars).
- As on 31st March, 2018, 2118 no's PNG-Domestic connections are provided. (cumulative)

c) Kakinada -

- Operating total 5 CNG Stations. (1 Mother Station, 1 online station and 3 Daughter Booster Stations).
- Approx. 1900 vehicles are running on CNG. (Autos and Cars)
- Cumulative 328 KMs of MDPE pipeline laid.
- Cumulative 36.5Kms of Steel pipeline laid (10" and 4") (cumulative)
- As on 31st March, 2018, 11817 no's PNG-Domestic are provided (cumulative).

B) Business Activities

During the year the Company has received 1,32,835 SCMD of APM Gas basis actual gas utilization. The size of operations was enhanced and nearly 33000 SCMD of industrial and commercial segment volume are supplied and its catered through RLNG & S1 ONGC Gas.

Given below is the status of business line wise:

a) CNG

CNG as an alternate fuel concept has gained acceptance gradually with over 43,000 vehicles (autos, cars and buses) operating to CNG. The sales volumes of CNG during 2017-18 in Hyderabad, Vijayawada, Kakinada and Rajahmundry (including RTC -26251 Kgs/day) touched the highest of 82,500 kgs/day. The Average sale of CNG was 80,600 Kgs/day during 2017-18.

In Vijayawada, Road transport Corporation (RTC) is operating 330 buses on CNG, whereas in Hyderabad 130 RTC buses are running on CNG. During the year, the CNG Sales to RTC is Rs. 45.79 crore.

For the year 2017-18 :-

Description	Numbers		Place	Numbers	
	2017-18	2016-17		2017- 18	2016- 17
CNG Stations	51		Hyderabad	33	26
			Vijayawada	13	10
			Kakinada	5	4
			Rajahmundry	0	1

b) PNG

Status of Domestic, Commercial and Industrial PNG supplies in Hyderabad, Vijayawada and Kakinada are given below:

Description	Numbers		Place	Numbers	
	2017-18	2016-17		2017-18	2016-17
PNG Connections-Domestic	21678	6608	Hyderabad	7743	2706
			Vijayawada	2118	752
			Kakinada	11817	3150
PNG Connections-Commercial	62	46	Hyderabad	9	5
			Vijayawada	3	3
			Kakinada	50	38

PNG Connections- Industrial	5	5	Hyderabad	5	5
			Vijayawada	0	0
			Kakinada	1	0

C) Auto LPG

Your Company is operating 1 ALDS at Tirupati which sold 143.2 MT ALPG during the year with sales value of Rs.90.36 Lakhs.

Description	Numbers		Place
	2016-17	2017-18	
ALPG Stations	1	1	Tirupati

SHARE CAPITAL:-

The Authorised Share Capital of the Company as on 31st March 2018 is Rs. 100 Crores consisting of Ten Crores equity shares of face value of Rs. 10/- each and paid up capital of Rs. 87.3485 crores.

During the year Company issued right shares in the ratio of 100:94. As a result the paid-up equity capital has increased from Rs.45.0250 crores to Rs. 87.3485 crores.

BORROWING & DEBT SERVICING: -

During the Financial year 2017-18, Company has sanctioned Term Loans of Rs.432 Crores from ICICI Bank and closed the existing outstanding Term Loan Account with consortium bankers i.e. Canara Bank (Lead Banker) and Corporation Bank and filed the relevant satisfaction forms with the Ministry of Corporate Affairs.

REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES: -

During the year under review, your Company did not have any subsidiary, associate and joint venture companies.

DIVIDEND: -

The Company business is yet to expand to reach the various places in Hyderabad, Vijayawada and Kakinada and the company requires fund for laying pipelines. Hence your Directors have not recommended any dividend for the financial year ended on 31st March, 2018.

MATERIAL CHANGES AFFECTING THE COMPANY: -

There have been no material changes and commitments which could affect the Company's financial position, have occurred between the end of the financial year of the Company and date of this report. There has been no change in the business of the company.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS: -

During the year under review, there were no significant and/or material orders passed by any Regulator/ Court/ Tribunals which could impact the going concern status of your Company.

PARTICULAR OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES: -

The details of transactions/contracts/arrangements entered by the Company with related party (ies) as defined under the provisions of Section 2(76) of the Companies Act, 2013, during the financial year under review, are furnished in Annexure-1 and forms part of this Report.

PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES: -

The Company has not provided any loans; not given any guarantees or not provided any security or not made Investments as per Section 186 of the Companies Act, 2013.

BOARD OF DIRECTORS: -

As per the provisions of Section 152 of the Companies Act, 2013, Shri Sanjiv Gujral (DIN:07808552) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Shri Sankavaram Venkateswara Prasad (DIN:02897631) was appointed as an additional director of the Company with effect from 27th April 2018 to hold office up to the date of ensuing Annual General Meeting.

Shri S. Bairagi (DIN:8167365) was appointed as an additional director of the Company with effect from 2nd July 2018 to hold office up to the date of ensuing Annual General Meeting.

The Company has received notice as per section 160 of the Companies Act, 2013 for proposing the candidature of Shri Sankavaram Venkateswara Prasad and Shri S. Bairagi for appointing them as Directors at the ensuing Annual General Meeting.

Shri P.A.B. Raju (DIN:02309551), Independent Director, after completion of the Term of 3 years, ceased as Director on the Board of BGL .

Shri Narendra Kumar (DIN: 06571708) ceased to be Director on the Board with effect from closing hours of 20th June 2018 on account of resignation and withdrawal of nomination by parent company i.e., GAIL.

Shri Ashok Kumar Das (DIN: 07209092) ceased to be Director on the Board with effect from closing hours of 5th April 2017 on account of resignation and withdrawal of nomination by parent company i.e., GAIL.

Shri Rajesh Vedvyas (DIN: 02283035), was appointed as an Independent Director for a period of three years w.e.f. 12th June 2017 and he is not liable to retire by rotation

BOARD MEETINGS: -

Pursuant to the provisions of Section 173 of the Companies Act, 2013 and rules made thereunder, every Company shall hold a minimum of four meetings of its Board of Directors every year in such manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board. During the financial year 2017-18. Board of Directors met Eight (8) times in accordance with the provisions of the Companies Act, 2013 and rules made thereunder.

S.no	Name of the Director	Executive/Non-Executive/Independent	No. of Meetings Held in their period	No. of Meetings Attended
1	Shri S.P.Gupta	Chairman & Non-Executive Director	8	7
2	Shri Narendra Kumar	Non-Executive Director	8	6
3	Shri A.K.Das	Executive Director	8	7
4	Shri Shiv Dayal Akheramka	Executive Director	1	1
5	Shri P.A.B.Raju	Independent Director	8	6
6	Shri Sanjiv Gujral	Executive Director	7	7
7	Shri Rajesh Ved Vyas	Independent Director	6	6

- ✓ Shri Shiv Dayal Akheramka was ceased to be director with effect from 27th April 2017.
- ✓ Shri Shiv Sanjiv Gujral was appointed as director w.e.f 29th April 2017.
- ✓ Shri Rajesh Ved Vyas was appointed as director w.e.f 12th June 2017.
- ✓ Shri Narendra Kumar was ceased to be director with effect from 20th June 2018

DIRECTORS' RESPONSIBILITY STATEMENT:-

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended 31st March, 2018, the Board of Directors hereby confirms that:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period.
- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) The directors had prepared the annual accounts on a going concern basis and
- e) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDIT COMMITTEE: -

The Audit Committee of the company met three (3) times during the financial year 2017-18 in accordance with the provisions of the Companies Act, 2013 and rules made thereunder.

The Composition of Audit Committee from 01-04-2017 to 31-03-2018 is as follows:-

- | | |
|--------------------------|------------|
| 1. Shri P.A.B.Raju | - Chairman |
| 2. Shri. Rajesh Ved Vyas | - Member |
| 3. Shri A.K.Das | - Member |
| 4. Shri Sanjiv Gujral | - Member |

NOMINATION & REMUNERATION COMMITTEE: -

The Nomination & Remuneration Committee of the company met two (2) times during the financial year 2017-18 in accordance with the provisions of the Companies Act, 2013 and rules made thereunder.

The Composition of Nomination & Remuneration Committee from 01-04-2017 to 31-03-2018 is as follows:-

- | | |
|--------------------------|------------|
| 1. Shri Narendra Kumar | - Chairman |
| 2. Shri S.P.Gupta | - Member |
| 3. Shri. Rajesh Ved Vyas | - Member |
| 4. Shri P.A.B.Raju | - Member |

PAYMENT OF REMUNERATION / COMMISSION TO DIRECTORS FROM HOLDING OR SUBSIDIARY COMPANIES: -

None of the managerial personnel i.e. Managing Director and Whole Time Director of the Company are in receipt of remuneration/commission from the Holding or Subsidiary Company of the Company.

AUDITORS: -

STATUTORY AUDITORS

The Statutory Auditor of your Company has appointed by Comptroller & Auditor General of India (CAG). M/s. S. DAGA & CO, Chartered Accountants, Hyderabad was appointed as Statutory Auditors of your Company for the year 2017-2018

The review of your Company's Annual Accounts for the financial year ending 31st March, 2018 by CAG forms part of the Annual Report.

SECRETARIAL AUDITORS

The Board has appointed M/s Nekkanti Satyanarayana, Practicing Company Secretaries, Hyderabad, to conduct secretarial audit for financial year 2017-18. Report as required under Section 204 of Companies Act 2013 in form MR-3 is attached to this report as Annexure - 2 and forms part of this report.

The Secretarial Auditor report for the financial year 2017-18 does not contain any qualification, reservation or adverse remarks.

COST AUDITORS

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Notifications/Circulars issued by the Ministry of Corporate Affairs from time to time, the Board of Directors appointed M/s Nageswara Rao & Co, Cost Accountants, Hyderabad, as the Cost Auditors of the Company for the financial year 2017-18.

INTERNAL AUDITORS

Pursuant to the provisions of Section 138 of the Companies Act, 2013 read with Notifications/Circulars issued by the Ministry of Corporate Affairs from time to time, the Board of Directors appointed M/s. C. Ramachandram & Co., Chartered Accountant as the Internal Auditors of the Company for the financial year 2017-18.

COST RECORDS: -

The company is required to maintain cost records as specified under sub-section (1) of section 148 of the Companies Act, 2013, and accordingly such accounts and records are made and maintained.

INTERNAL FINANCIAL CONTROLS:-

Your company has adequate internal financial controls in place commensurate with the nature of the Company's business and size and complexity of its operations are in place and has been operating satisfactorily.

Based on the established framework of internal financial control, work performed by the internal, statutory, cost and secretarial auditors, the review by Management, the Board is of the opinion that the Company's internal financial controls are adequate and effective.

PARTICULARS OF DEPOSITS:-

During the year under review, your Company has not accepted any deposits covered under Chapter V of the Companies Act 2013 and as such, no amount of principal or interest was outstanding as of the Balance Sheet Date.

OTHER DISCLOSURES: -

Other disclosures as per provisions of Section 134 of the Act read with Companies (Accounts) Rules, 2014 are furnished as under :-

EXTRACT OF ANNUAL RETURN:-

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, Extract of the Annual Return for the financial year ended 31st March 2018 made under the provisions of Section 92(3) of the Act is attached as Annexure -3 which forms part of this Report. -

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:-

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo etc., are furnished in Annexure-4 which forms part of this Report.

RISK MANAGEMENT POLICY:-

Your Company was incorporated as a City Gas Distribution company for distribution and marketing of Compressed Natural Gas (CNG) and distribution of Piped Natural Gas (PNG) to Domestic, Commercial and Industrial Sectors in the states of Telangana and Andhra Pradesh. Company is authorized by the Central Government to Lay, build, operate and expand city gas distribution project in Hyderabad, Vijayawada and Kakinada. Company has formulated the Risk Management Policy, which was approved by the Board of Directors at their meeting held on 4th December 2017.

VIGIL MECHANISAM :-

Your Company has a Whistle Blower Policy as a part of vigil mechanisam, which provides a platform to come forward and raise their genuine concern without any fear of retaliation and victimization.

The details of the Whistle Blower Policy are available on the company website www.bglgas.com.

CORPORATE SOCIAL RESPONSIBILITY:-

The Corporate Social Responsibility Committee of the Company met one Time during the financial year 2017-18 in accordance with the provisions of the Companies Act, 2013 and rules made thereunder.

The Composition of CSR Committee from 01-04-2017 to 31-03-2018 is as follows:-

- | | |
|--------------------------|------------|
| 1. Shri. Rajesh Ved Vyas | - Chairman |
| 2. Shri P.A.B.Raju | - Member |
| 3. Shri A.K.Das | - Member |
| 4. Shri Sanjiv Gujral | - Member |

Your Company being a responsible corporate citizen has been continuously contributing in social developments. Mainly your company has spende an amount of Rs.28.00 Lakhs during the financial year 2017-18.

1. For Construction and Development of 2 Aganwadi Centres at (1) Kotta Kakinada, Sanjay Nagar & (2) Gogudanayyapeta which is focusing on health nutrition needs for the benefit of the children below 6 years and pregnant women an amount of Rs. 18.00 Lacs (Rs. 12.00 lacs + Rs. 6.00 Lacs).
2. Provided Vehicle (BOLERO MAHINDRA) for food transportation items at various location in Hyderabad for implementation of Akshaya Alpaaahar Program in Shameerpet an amount of Rs. 10.00 lacs
3. The Annual Report of CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES attached as annexure 5

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE: -

Your Company has in place a policy on Prevention, Prohibition and redressal of Sexual Harassment of Women at work place in line with the requirements of the Sexual Harassment of Woman at the workplace (Prevention, Prohibition & Redressal) Act, 2013

Internal Compliant Committee has been setup to redress complaints received regarding Sexual Harassment.

During the Year 2017-18, no complaints were received.

HSE (HEALTH SAFETY AND ENVIRONMENT):-

Safety and Health of its people is of paramount importance for your company and these attributes are embedded in the core organization values of your Company. and has focused its continual efforts to maintain a good safety culture and to improve fire and safety standards in its business areas. Safety inspections of CNG vehicles are done periodically on random basis to check compliance of safety to prevent unsafe conditions arising out of gas leakage from the CNG Kits. Employees and contract workers in your company are strongly encouraged to adopt safe working culture and behaviour to ensure effective implementation of the HSE Policy.

In line with Company HSE Policy, Safety Audits and other statutory compliance are done to ensure safety at all places of operations.

PARTICULARS OF EMPLOYEES: -

During the period under review, there were no employees in receipt of remuneration exceeding the limits prescribed under Rule 5 (2) of (Companies Appointment & Remuneration of Managerial Personnel) Rules, 2014.

ACKNOWLEDGEMENTS AND APPRECIATION: -

Your Directors take this opportunity to thank the Government of India, Ministry of Petroleum and Natural Gas, State Govt. of Andhra Pradesh and Telangana, Petroleum Natural Gas Regulatory Board, customers, shareholders, suppliers, bankers, promoters, financial institutions, employees for their consistent support and encouragement to the Company.

On behalf of the Board of Director
(Bhagyanagar Gas Limited)



S.P.Gupta
Chairman

Place: New Delhi
Date : 24th August 2018

ANNEXURE- I

Form No.AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:-

Name(s) of the related party and nature of relationship	NIL
Nature of contracts/arrangements/transactions	
Duration of the contracts / arrangements/ transactions	
Salient terms of the contracts or arrangements or transactions including the value, if any	
Justification for entering into such contracts or arrangements or transactions	
Date(s) of approval by the Board	
Amount paid as advances, if any	
Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

2. Details of material contracts or arrangement or transactions at arm's length basis:-

BGL is purchasing Auto LPG from HPCL and Natural Gas from GAIL and selling CNG to HPCL in the normal course of Business. However, BGL has entered an agreement for purchase of Natural Gas with GAIL and LPG with HPCL and sale of CNG to HPCL among the others at arm's length basis.

The following transactions were entered with related parties: - (In Rs. Lacs)

Name of the Related Party	HPCL	GAIL
Nature of transactions:		
Purchases:		
-Auto LPG	130.89	NIL
-Natural Gas	NIL	5,726.10
Sales - CNG	5,964.63	12.84
Manpower Cost of Employees on deputation	188.73	274.49
LC with GAIL	NIL	1008.37
Interest on Bridge Loan	580.44	637.97

NEKKANTI S.R.V.V.S. NARAYANA & CO.
Company Secretaries

Flat No. 407 & 408, Malik Chambers,
Hyderguda, Hyderabad - 500 029,
Telangana, India.
Desk : +91-40-23 26 40 83
Fax : +91-40-23 26 40 83
Handheld : +91-94 40 14 13 68
E-mail : nekkanti@nekkanti.in

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

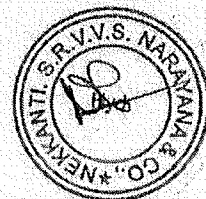
To
The Members,
Bhagyanagar Gas Limited
Parishram Bhawan,
Basheerbagh, Hyderabad
Telangana - 500004

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Bhagyanagar Gas Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on our verification of M/s Bhagyanagar Gas Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Bhagyanagar Gas Limited ("the Company") for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
(not applicable to the Company during the Audit Period being an Unlisted Company)
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;



- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (not applicable to the Company during the Audit Period as the Company had no Foreign Direct Investment and Overseas Direct Investment and has not raised External Commercial Borrowings).
- (v) The Securities and Exchange Board of India Act, 1992 ('SEBI Act') and the Regulations and Guidelines prescribed thereunder; (not applicable to the Company during the Audit period being an Unlisted Company) .
- (vi) We further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:
 - (a) The Petroleum and Natural Gas Regulatory Board Act, 2006 (hereinafter called the 'PNGRB Act').
 - (b) The Legal Metrology Act, 2009 and rules made thereunder
 - (c) The Explosives Act, 1884; and Rules 2008
 - (d) The Petroleum Act, 1934

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings
- ii) Listing Agreement entered into by the Company with the National Stock Exchange (Not applicable to the Company during the Audit Period).

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings, as represented by the management, were taken unanimously.




We further report that, as per the explanations given to us and the representations made by the Management and relied upon by us, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

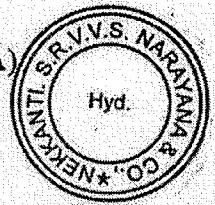
We further report that, during the audit period, there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines etc. having major bearing on the Company's affairs except the following:-

- a) Allotment of 4,23,23,500 equity shares on Rights Basis under section 62(1)(a) of the Companies Act, 2013.
- b) Alteration of Article 5(1), 6 and 38 in the Articles of Association of the Company
- c) Passing of special resolution authorizing the Board to allot equity shares to APIIC on preferential allotment basis (But, the company has not allotted the shares during the audit period)

For NEKKANTI S.R.V.V.S. NARAYANA & CO.
Company Secretaries

Date : 17th August, 2018
Place : Hyderabad


(NEKKANTI S.R.V.V.S. NARAYANA)
Proprietor
M.No.F7157, C.P.No.7839



Note:

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.


ANNEXURE - A

To
The Members,
Bhagyanagar Gas Limited
Parishram Bhawan,
Basheerbagh, Hyderabad
TG-500004

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For NEKKANTI S.R.V.V.S. NARAYANA & CO.
Company Secretaries



(NEKKANTI S.R.V.V.S. NARAYANA)

Proprietor

M.No.F7157, C.P.No.7839

Date : 17th August, 2018

Place : Hyderabad



ANNEXURE -3

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	:	U40200TG2003PLC041566
Registration Date	:	22-08-2003
Name of the Company	:	BHAGYANAGAR GAS LIMITED
Company Category	:	COMPANY LIMITED BY SHARES
Company Sub-Category	:	INDIAN NON-GOVERNMENT COMPANY
Address of the Registered office and contact details	:	PARISHRAM BHAVAN, APIDC BUILDING, BASHEER BAGH, HYDERABAD-04
Whether listed company	:	No
Name, Address and Contact details of Registrar and Transfer Agent, if any:	:	KARVY COMPUTER SHARES PVT LTD. KARVY HOUSE, 46, AVENUE 4, STREET NO 1, BANJARA HILLS, HYDERBAD, TELANGANA PIN: 500 038, TEL: 040-23312454, FAX: 040-23311968

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing the 5% of total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Income from CNG	40200	98.49%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
1	GAIL (INDIA) LIMITED	L40200DL1984 GOI018976	Associate Company	49.97%	Section 2(6)
2	HPCL	L23201MH1952 GOI008858	Associate Company	49.97%	Section 2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

(i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2017)				No. of Shares held at the end of the year (31.03.2018)				%Change +/during the year
	De-mat	Physical	Total	% of Total Shares	De-mat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt Companies									
GAIL (INDIA) LIMITED	0	2,24,99,997	2,24,99,997	49.97%	4,36,49,997	0	4,36,49,997	49.97%	0%
HPCL	0	2,24,99,997	2,24,99,997	49.97%	2,24,99,997	2,11,50,000	4,36,49,997	49.97%	0%
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp (Kakinada Sea Ports Limited).	0	25,000	25,000	0.06%	0	48,500	48,500	0.06%	0
f) Any other	0	6	6	0.00	0	6	6	0	0
Sub-total(A)(1):	0	450,25,000	450,25,000	100%	6,61,49,994	2,11,98,506	8,73,48,500	100%	-
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other - Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2):	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	0	0	0	0	0	0	0	0	0

ii. SHAREHOLDING OF PROMOTERS:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	GAIL (INDIA) LIMITED	2,24,99,997	49.97%	0	4,36,49,997	49.97%	0	0
2	HPCL	2,24,99,997	49.97%	0	4,36,49,997	49.97%	0	0
	Total	4,49,99,994	99.94%	0	8,72,99,994	99.94%	0	0

CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
1	GAIL (INDIA) LIMITED	2,24,99,997	49.97%	4,36,49,997	49.97%
2	HPCL	2,24,99,997	49.97%	4,36,49,997	49.97%
	Total	4,49,99,994	99.94%	8,72,99,994	99.94%
	At the End of the year	4,49,99,994	99.94%	8,72,99,994	99.94%

iii. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	For each of the Top 10 Shareholders				
	At the beginning of the year				
	Kakinada Seaports Limited	25000	0.06%		0.06%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.,)	0	0	23500	
	At the End of the year (or on the date of separation, if separated during the year)	-	-		
	Kakinada Seaports Limited			48500	0.06%

iv. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	For each of the Directors and KMP				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.,)	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	42,21,23,828	1,80,00,00,000	NIL	2,22,21,23,828
ii) Interest due but not paid	NIL	78,62,80,716	NIL	78,62,80,716
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	42,21,23,828	2,58,62,80,716	NIL	3,00,84,04,544
Change in Indebtedness during the financial year				
Addition	73,67,76,958	30,00,00,000	NIL	1,03,67,76,958
Reduction	46,77,70,639	2,88,62,80,716	NIL	3,35,40,51,355
Net Change	26,90,06,319	(2,58,62,80,716)	NIL	(2,31,72,74,397)
Indebtedness at the end of the financial year				
Principal Amount	69,11,30,147	NIL	NIL	69,11,30,147
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	69,11,30,147	NIL	NIL	69,11,30,147

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. *Remuneration to Managing Director, Whole-time Directors and/or Manager:-*

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager			Total Amount
		Shri A.K.DAS	Shri SANJIV GUJRAL	Shri R. Sridhar & Shri R Shiv Dayal Akheramka (Increments claimed from BGL)	
		Managing Director	Director Commercial Cum C.F.O	Director Commercials	
1	Gross salary	(01-4-2017 to 31-03-2018)	(01-4-2017 to 31-03-2018)	(01-4-2017 to 31-03-2018)	(01-04-2017 to 31-03-2018)
	(a) Salary and allowances	73,66,449	56,81,535	16,69,854	1,47,17,838
	(b) Transport Allowances	2,71,222	5,24,276	44,902	8,40,400

2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	- as % of profit	0	0	0	0
	- others, specify	0	0	0	0
5	Others, please specify	0	0	0	0
	Total	76,37,671	62,05,811	17,14,756	1,55,58,238

B. REMUNERATION TO OTHER DIRECTORS

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Shri S.P.Gupta (Non-executive Director) (01-04-2017 to 31-03-2018)	Dr. Narendra Kumar (Non-executive Director) (01-04-2017 to 31-03-2018)	Shri Rajesh Vedvyas (Independent Director) (12-06 -2017 to 31-03-2018)	Shri P.A.B.Raju (Independent Director) (01-04-2017 to 31-03-2018)	
	1. Independent Directors	0	0	0	----	0
	Fee for attending board / committee meetings	0	0	@1,45,000	@1,60,000	0
	Commission	0	0	0	0	0
	Others, please specify (Approximately)	0	0	6,000	5,000	0
	Total (1)	0	0	1,51,000	1,65,000	0
@ Excluding the arrangement of Flight Tickets for attending the Board /Committee Meetings / arrangement of Transport / Hotel accommodation.						
	2. Other Non-Executive Directors	0	0	0	0	0
	Fee for attending board/ committee meetings	0	0	0	0	0
	Commission	0	0	0	0	0
	Others, please specify	0	0	0	0	0
	Total (2)	0	0	0	0	0
	Total (B)=(1+2)	0	0	0	0	0
	Total Managerial Remuneration	0	0	0	0	0

@ Excluding the arrangement of Flight Tickets for attending the Board /Committee Meetings.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	C.T.C	0	9,50,000/-	0	9,50,000/-
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	- as % of profit	0	0	0	0
	- others, specify	0	0	0	0
5	Others, please specify	0	0	0	0
	Total	0	9,50,000/-	0	9,50,000

(c) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD /NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0
B. DIRECTORS					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0
C. OTHER OFFICERS IN DEFAULT					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0

ANNEXURE 4

DISCLOSURE PURSUANT TO SECTION 134(3)(M) OF THE COMPANIES ACT 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS), RULES 2014

(A) Conservation of energy:

All the energy conservation measures have been included in the plant design of CNG Mother Station as well the Daughter stations commissioned in Vijayawada, Kakinada and Hyderabad. The details relating to energy consumption in Mother Station and energy consumption per unit of production is given below:

Power & Fuel Consumption:

Particulars	2017-18	2016-17
i) Electricity purchased		
Units consumed (kVAh)	2,66,935	2,88,348
Total Amount in Rs.	39,53,138	41,08,780
Rate / Unit (Rs. kVAh)	14.81	14.25
Demand load charges in Rs.	17,87,885	16,21,428
ii) Natural gas as fuel (kg.) consumed	11,49,374	10,85,931

Consumption per MT of production:

Particulars	2017-18	2016-17
CNG Production (Total/MT)	29,852.40	29,007.70
Electric Driven Production (MT)	922.34	3,511.06
Gas Driven Production (MT)	28,930.06	25,496.64
Electricity Consumed (in kVAh)	289.41	82.13
Natural Gas as fuel (in kg.)	39.73	42.59

(B) Technology absorption:

Efforts made towards technology absorption	NIL
Benefits derived like product improvement, cost reduction, product development or import substitution	NIL
In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):	
Details of technology imported	NIL
Year of import	NIL
Whether the technology has been fully absorbed	NIL
If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	NIL
Expenditure incurred on Research and Development	NIL

(C) Foreign exchange earnings and Outgo:

	2017-18	2016-17
	Amount in Rs.	Amount in Rs.
Actual Foreign Exchange earnings	NIL	NIL
Actual Foreign Exchange outgo	NIL	NIL

ANNEXURE 5

DISCLOSURE PURSUANT TO SECTION 134(3)(M) OF THE COMPANIES ACT 2013 READ
WITH RULE 8 OF THE COMPANIES (ACCOUNTS), RULES 2014

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES :-

1. A brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken and reference to the weblink: www.bglgas.com to the CSR Policy and projects or Programmes:-

BGL Recognises its responsibility toward the Community and has contributed over the years towards the goal of achieving sustainable development. As per Companies Act, 2013 we have our CSR Policy and guidelines in place and the highlights of the same are as below:

- In every financial year, 2% of the Average net profits of the Company made during the immediately 3 financial years will be earmarked for undertaking CSR activities.
- We have CSR Committee of the Board headed by Independent Director and GM-HR -Head monitors the CSR Proposals and spent amount periodically submit the reports to CSR Committee and Board.
- The company takes the CSR Projects only the areas specified in the Schedule VII of the Companies Act 2013 and which were covered in the Company CSR policy.

**2.Composition of CSR Committee: The CSR Committee of the Board Comprises:-
(from 01-4-2017 to 31-03-2018)**

**: Shri Rajesh Vedvyas, Independent Director
Shri P.A.B.Raju, Independent Director
Shri A.K.Das, Managing Director
Shri Sanjiv Gujral, Director Commercial**

**3. Avg. Net profit of the Company
for the last 3 financial years : Rs.934.186 Lacs**

**4. Prescribed CSR expenditure : Rs. 18 .68 Lacs
(2% of the amount as in item no 3 above)**

5. Details of CSR spent during the financial year

**a) Total amount spent for the financial year : Rs. 28 Lacs
(Rs. 12 Lacs + Rs.6 Lacs + Rs. 10 Lacs)**

b) Total amount unspent if any : Rs. NIL

(c) Manner in which the amount spent during the financial year is given below:

- An amount of Rs.12 Lacs spent to develop one Anganwadi Centre at Kottha Kainada which is focusing on health nutrition needs for the benefit of below six year child and pregnant woman under CSR Projects, through Government of Andhra Pradesh, administered by Commissioner of Municipal Corporation, Kakinada.**

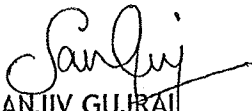
- An amount of Rs.6 Lacks spent to develop / renew one Anganwadi Centre at Gogudanayyapeta which is focusing on health nutrition needs for the benefit of below six year child and pregnant woman , health checkup etc., under CSR Projects, through Government of Andhra Pradesh, administered by Commissioner of Municipal Corporation, Kakinada .
- An amount of Rs. 10 Lacs spent through HKM Charitable Foundation, to provide BOLERO -Mahindra vehicle to AKSHAYA PATRA FOUNDATION, located at Shameerpet for transportation of food items at various location in Hyderabad.

6. In case the company has failed to spend the 2% of the average net profits of the last 3 years or any part thereof , the company shall provide the reasons for not spending the amount in its Board Report :- NOT APPLICABLE, since the company has spent the 2% of the average net profits of last three financial years as per the companies Act, 2013.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy , is in-compliance with CSR Objectives and policy of the Company:-

The Implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company

Place : Hyderabad
Date: 20-08-2018


SANJIV GUJRAL
(DIRECTOR -COMMERCIAL cum CFO)


JAYARAJ JALLURI
(GM- HR & VIGILANCE)

S. Daga & Co.,

Chartered Accountants

Independent Auditor's Report

**To the Members of
Bhagyanagar Gas Limited**

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of Bhagyanagar Gas Limited ('the Company'), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

3. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



Auditor's Responsibility

4. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

5. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

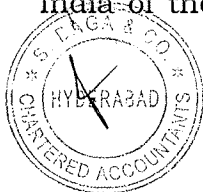
6. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

7. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the financial position of the Company as at 31 March, 2018, and its



financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

Without qualifying our report we refer to:

- (i) Trade receivables, Trade payables, PNG Customer Deposits, Sundry balances outstanding to the debit and credit of the parties are subject to confirmation and review thereof;

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

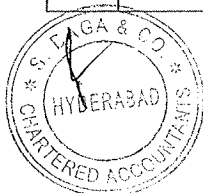
11. As required by Section 143(3) of the Act, we report that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
- (e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;



- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- the Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 38 to the Ind AS financial statements;
 - the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 41 to the Ind AS financial statements;
 - there was no requirement to transfer any amount to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018;
12. As required under section 143(5) of the Companies Act, 2013, being the direction issued by the Comptroller and Auditor General for the year ended March 31, 2018, we report that:
- the company has clear title/lease deeds for freehold and leasehold lands respectively except in case of following where possession of lands are with the company but documents are pending for registration and as such title/ lease deed are not available:-

Sl. No.	Type of Asset	Location	Area	Survey No./Plot No.	Value (Rs.)
(i)	Land freehold	Medchal Village, R.R. District	180 Sq. Mtrs.	125 & 126	10,80,000
(ii)	Land freehold	Shamirpet Village, R.R. District	2.18 Acres	1266	2,18,00,000
(iii)	Land freehold	Sarpavaram, Vaklapudi, Kakinada	1.5 Acres	24B	1,45,68,480
(iv)	Leasehold land (Carrying Value)	APIIC Industrial Park, Kondapally, Vijayawada	4457 Sq. Mtrs.	Not available	44,02,967



(v)	Leasehold land (Carrying Value)	APIIC Industrial Park, Kondapally, Vijayawada	1200 Sq. Mtrs.	Not available	20,72,474
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- b) there is no case of waiver/write-off of debts/loans/, interest etc.,
- c) as per information, explanation and record produced for verification, there are no inventories lying with third parties at the close of the year. Further no assets have been received as gift/grant(s) from the government or other authorities

For S Daga & Co.,
Chartered Accountants
(ICAI FRN: 000669S)

Pavan

(Pavan Kumar Bihani)
M. No. 225603
Partner
Place: Hyderabad
Date: 11.05.2018



Annexure-A to the Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Bhagyanagar Gas Limited on the financial statements as of and for the year ended March 31, 2018.

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.

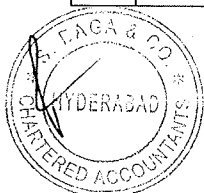
(c) The title deeds of immovable properties, as disclosed in Note 14 on fixed assets to the financial statements, are held in the name of the company, except for leasehold lands at APIIC Industrial Park, Kondapally, Vijayawada admeasuring 4457 Sq. Mtrs and 1200 Sq. Mtrs and freehold lands acquired bearing Survey No. 125/126, 1266 and 24B, which are under the possession of the company, pending documentation, having a carrying value of Rs. 439.24 lakhs (Pr. Year Rs.439.24 lakhs) as at March 31, 2018.
2. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

(b) On the basis of our examination of the inventory records, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records have been properly dealt with by the company.
3. The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the registers maintained under Section 189 of the Act. Thus, paragraph 3(iii) of the Order is not applicable.
4. The company has not granted any loan to directors or made investments, provided any guarantees and securities as applicable under the provisions of section 185 and 186 of the Act and therefore the provisions of clause 3(iv) of the Order are not applicable.



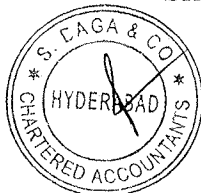
5. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of Companies Act, 2013 and the rules framed there under and therefore, the provisions of the clause 3(v) of the Order are not applicable to the Company.
6. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of its products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out detailed examination of the records with a view to determine whether these are accurate or complete.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, value added tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable to it, with appropriate authorities. There are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31st March, 2018.
- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income tax, wealth tax, service tax, customs duty and cess as at 31st March, 2018 which has not been deposited on account of a dispute except as under:

Sl. No	Name of the Statute	Nature of Dues	Amount involved in Rs.	Claim Period	Forum where the dispute is pending
(i)	Income Tax Act, 1961	Income tax assessment dues	96,85,624	FY 2007-08 (AY 2008-09)	Honourable High Court, Andhra Pradesh and Telangana, Hyderabad



(ii)	Income Tax Act, 1961	Income tax assessment dues	23,40,958	FY 2008-09 (AY 2009-10)	Honourable High Court, Andhra Pradesh and Telangana, Hyderabad
(iii)	Sales Tax Act	VAT	16,72,950	FY 2014-15	Sales Tax Appellate Tribunal of A.P, Vizag
(iv)	Central Excise and Service Tax	Excise Duty	60,66,219	FY 2005-06 to 2010-11	CESTAT
(v)	Central Excise and Service Tax	Excise Duty	50,664	FY 2014-15	Commissioner of Customs, Excise and Service Tax (Appeals)
(vi)	Central Excise and Service Tax	Excise Duty	1,31,04,333	FY 2011-12 to 2015-16	CESTAT, Hyderabad
(vii)	Central Excise and Service Tax	Excise Duty	74,34,414	FY 2010-11 to 2014-15	Commissioner of Customs, Central Excise & Service Tax (Appeals), Guntur
(vii i)	Central Excise and Service Tax	Excise Duty	15,57,512	FY 2015-16 and FY 2016-17	Asst.Commissioner of Customs, Central Excise & Service Tax , Amavarathi
(vii i)	Central Excise and Service Tax	Excise Duty	29,22,891	FY 2014-15 to 2017-18	Asst.Commissioner of Customs, Central Excise & Service Tax , Amavarathi

8. According to the information and explanations given to us and records of the company examined by us, the company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date. The Company has not issued any debentures.



9. On the basis of our review of utilization of funds pertaining to term loans on overall basis and related information and explanations as made available to us, the term loans taken by the company has been utilized for the purpose of which they were obtained.
10. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the company or on the company its officers or employees, noticed or reported during the year, nor have we been informed by any such case by the management.
11. The company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. As the company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, hence the provisions of Clause 3(xii) of the Order are not applicable to the company.
13. The company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standards (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
15. The Company has not entered into any non cash transactions with its directors or persons connected to its directors and hence provisions of section 192 of the Companies Act 2013 are not applicable to the Company. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.



16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For S. Daga & Co.
Chartered Accountants
(ICAI FRN: 000669S)



(Pavan Kumar Bihani)
M. No. 225603
Partner
Place: Hyderabad
Date: 11.05.2018



Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

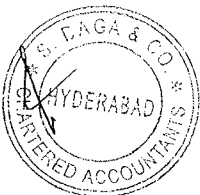
We have audited the internal financial controls over financial reporting of Bhagyanagar Gas Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that



the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

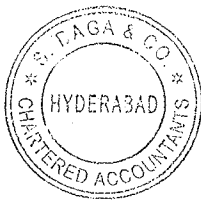
Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S Daga & Co.
Chartered Accountants
(ICAI FRN: 000669S)



(Pavan Kumar Bihani)
M. No. 225603
Partner
Place: Hyderabad
Date: 11.05.2018



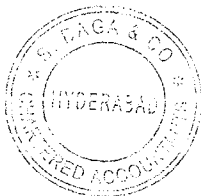
BHAGYANAGAR GAS LIMITED			
BALANCE SHEET AS AT 31st MARCH 2018			
		Rs. in Lacs	
Particulars	Note No.	AUDITED 31st March 2018	AUDITED 31st March 2017
Assets			
(1) Non-current assets			
Property, plant and equipment	14	25,731.24	21,833.49
Capital work-in-progress	14	12,124.50	10,425.91
Financial assets			
Other financial assets	15	108.82	65.00
Other tax assets (Net)	16	105.98	24.53
Other non-current assets	17	1,014.45	1,317.27
Total non-current assets		39,084.99	33,666.20
(2) Current assets			
Inventories	18	148.89	66.87
Financial assets			
(i) Trade receivables	19	914.35	1,442.15
(ii) Cash and cash equivalents	20	173.54	4,444.08
(iii) Other bank balances	21	1,526.05	2,195.64
(iv) Other financial assets	22	61.31	56.92
Other current assets	23	372.99	257.02
Total current assets		3,197.12	8,462.68
Total assets		42,282.11	42,128.88
Equity and liabilities			
Equity			
Equity share capital	24	8,734.85	4,502.50
Other equity			
(i) Share application pending allotment	25	431.97	431.97
(ii) Retained earnings		5,007.50	4,086.75
(iii) Share Premium		16,929.40	
Total equity		31,103.71	9,021.22
Liabilities			
(1) Non-current liabilities			
Financial liabilities			
Borrowings	26	5,085.43	5,394.60
Provisions	27	34.03	31.41
Deferred tax liabilities (Net)	28	1,085.84	823.80
Total non-current liabilities		6,205.30	6,249.81
(2) Current liabilities			
Financial liabilities			
(i) Borrowings	26	-	15,000.00
(ii) Trade payables	29	1,237.31	605.66
(iii) Other financial liabilities	30	3,399.32	10,960.79
Other current liabilities	31	321.41	277.63
Provisions	32	15.06	13.78
Total current liabilities		4,973.10	26,857.86
Total liabilities		11,178.40	33,107.67
Total equity and liabilities		42,282.11	42,128.88

Accompanying notes form integral part of the financial statement.

As per our report on standalone financial statements of even date attached

For S.Daga & Co.,
Chartered Accountants
FR No: 000669S

Pavan Kumar Bihani
Partner
Membership No.: 225603



Place: Hyderabad
Date: 11th May 2018

For and on behalf of Bhagyanagar Gas Limited

Sanjiv Gujral
Director - Commercial-cum-CFO
DIN No.: 07808552

G.Malleswari
Company Secretary
Membership No. F6574

S.V.Prasad
Managing Director
DIN No.: 02897631

S.P.Gupta
Chairman
DIN No.: 07236361




BHAGYANAGAR GAS LIMITED			
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2018			
		Rs. in Lacs	
Particulars	Note No.	AUDITED 31st March 2018	AUDITED 31st March 2017
I Revenue from operations	4	15,659.37	13,121.42
II Other income	5	236.46	360.30
III Total income		15,895.83	13,481.72
IV Expenses			
Cost of materials consumed	6	6,934.41	5,099.60
Purchases of stock-in-trade	7	116.35	127.61
Changes in inventories	8	(1.98)	(0.78)
Excise duty		1,577.76	1,524.06
Employee benefits expense	9	567.68	387.66
Finance costs	10	1,514.65	1,758.29
Depreciation	11	980.49	822.09
Other expenses	12	2,762.18	1,927.04
Total expenses		14,451.55	11,645.57
V Profit before income tax		1,444.29	1,836.15
VI Tax expense			
Current tax		268.59	397.76
Deferred tax		259.70	128.32
Income tax expense	13	528.29	526.08
VII Profit for the year		916.00	1,310.06
VIII Other comprehensive income			
Items that will not be reclassified to profit or loss			
Measurements of defined benefit liability (asset)	33	(7.10)	(0.30)
Income tax relating to items that will not be reclassified to profit or loss		2.35	0.10
Other Comprehensive Income for the year, net of income tax		(4.75)	(0.20)
IX Total Comprehensive Income for the year		920.75	1,310.26
X Earnings Per Share			
(1) Basic		1.68	2.91
(2) Diluted		1.54	2.62

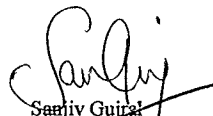
Accompanying notes form integral part of the financial statement.

As per our report on standalone financial statements of even date attached

For S.Daga & Co.,
Chartered Accountants
FR No: 000669S


For and on behalf of Bhagyanagar Gas Limited

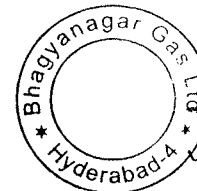

Pavan Kumar Bihani
Partner
Membership No.: 225603

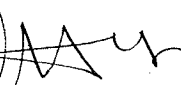

Sanjiv Gujral
Director - Commercial-cum-CFO
DIN No.: 07808552

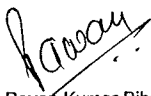
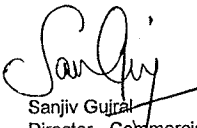

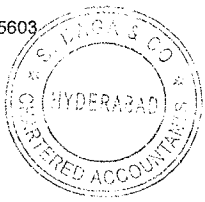
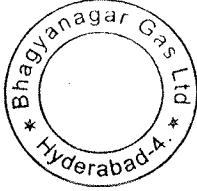

G. Malleswari
Company Secretary
Membership No. F6574

Place: Hyderabad
Date: 11th May 2018


S.V. Prasad
Managing Director
DIN No.: 02897631




S.P. Gupta
Chairman
DIN No.: 07236361


BHAGYANAGAR GAS LIMITED		
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2018		
	Rs. in Lacs	
Particulars	31st March 2017	31st March 2017
Cash flow from operating activities		
Profit for the year	920.75	1,310.26
Adjustments for		
Depreciation of property, plant and equipment	980.49	822.09
Gain on sale of property, plant and equipment	-	-
Current year provision related to post-employment defined benefit plans	10.67	6.87
Current year provision related to compensated absences	7.45	1.43
Amortisation of processing fee relating to term loans	16.64	15.26
Net foreign exchange differences	1.19	(5.95)
Finance income	(176.80)	(298.43)
Finance costs	1,605.31	2,247.23
	3,365.69	4,098.76
Working capital adjustments		
Decrease / (increase) in inventories	(82.02)	4.46
Increase in trade receivables	527.80	(784.01)
Decrease / (increase) in other financial assets- non current	(43.81)	84.59
(Increase) / decrease in other financial assets- current	(4.38)	(10.77)
(Increase) / decrease in other current assets	(115.97)	(186.39)
Decrease in proceeds from other non-current assets	302.82	302.44
(Increase) / decrease in other bank balances	669.59	(38.00)
Increase in trade payables	631.65	132.99
Increase in other financial liabilities- current	(7,561.47)	1,385.71
Increase other current liabilities	43.77	29.63
Increase in other non-current liabilities	(1.19)	5.95
(Decrease)/ increase in provisions- non current	2.61	(5.39)
Decrease in provisions- current	(16.84)	(1.02)
	(5,647.43)	920.18
Income tax paid	180.60	254.64
Net cash flows from operating activities	(2,101.13)	5,273.58
Cash flow from investing activities		
Payment for property, plant and equipment	(4,878.25)	(4,047.60)
Proceeds from capital work-in-progress	(1,698.59)	1,773.61
Interest received	176.80	298.43
Net cash flows from investing activities	(6,400.04)	(1,975.56)
Cash flow from financing activities		
Increase in share capital	21,161.75	
Increase / (decrease) in borrowings	(15,325.81)	1,173.36
Finance charges paid	(1,605.31)	(2,247.23)
Net cash flows from financing activities	4,230.63	(1,073.87)
Net increase / (decrease) in cash and cash equivalents at the beginning of the year	(4,270.54)	2,224.15
Cash and cash equivalents at the end of the year	4,444.08	2,219.93
Cash and cash equivalents at the end of the year	173.54	4,444.08
Total comprehensive income for the year		
As per our report on standalone financial statements of even date attached		
For S.Daga & Co., Chartered Accountants FR No: 000669S	For and on behalf of Bhagyanagar Gas Limited	
 Pavan Kumar Bihani Partner Membership No.: 225603	 Sanjiv Gujral Director - Commercial-cum-CFO DIN No.: 07808552	 G. Malleswari Company Secretary Membership No. F6574
		
Place: Hyderabad Date: 11th May 2018	S.V.Prasad Managing Director DIN No.: 02897631	S.P.Gupta Chairman DIN No.: 07236361

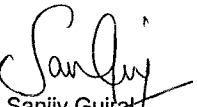
BHAGYANAGAR GAS LIMITED				
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 st MARCH 2018				
				Rs. in Lacs
A. Equity share capital				
Particulars	Note			
Balance as at 1st April 2017			4,502.50	
Changes in equity share capital during 2017-18	24		4,232.35	
Balance as at 31st March 2018			8,734.85	
B. Other equity				
Particulars	Reserves and surplus			
	Share application pending allotment	Retained earnings	Share Premium	Total other equity
Balance at 1st April 2016	431.97	2,776.49		3,208.45
Total comprehensive income for the year				
Profit for the year	-	1,310.06		1,310.06
Other Comprehensive Income for the year, net of income tax	-	0.20		0.20
Balance as at 31st March 2017	431.97	4,086.75	-	4,518.72
Balance at 1st April 2017	431.97	4,086.75	-	4,518.72
Total comprehensive income for the year				
Profit for the year		916.00		916.00
Other Comprehensive Income for the year, net of income tax		4.75		4.75
Share premium on rights issue			16,929.40	16,929.40
Balance as at 31st March 2018	431.97	5,007.50	16,929.40	22,368.86

As per our report on standalone financial statements of even date attached

For S.Daga & Co.,
Chartered Accountants
FR No: 000669S

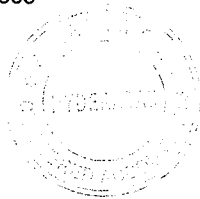
For and on behalf of Bhagyanagar Gas Limited

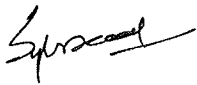

Pavan Kumar Bihani
Partner
Membership No.: 225603


Sanjiv Gupta
Director - Commercial-cum-CFO
DIN No.: 07808552

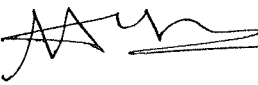

G. Mallezwari
Company Secretary
Membership No.: F6574

Place: Hyderabad
Date: 11th May 2018




S.V. Prasad
Managing Director
DIN No.: 02897631




S.P. Gupta
Chairman
DIN No.: 07236361

BHAGYANAGAR GAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2018.

1. Reporting Entity

Bhagyanagar Gas Limited (the "Company") is a company domiciled in India with registered office, in Hyderabad, Telangana.

BGL was promoted as a joint venture company between Hindustan Petroleum Corporation Limited ('HPCL'), and GAIL (India) Limited ('GAIL') to carry on all or any business of storage, supply, sale, distribution and marketing of CNG and Auto LPG as fuels for vehicles, Piped Natural Gas for domestic/commercial/industrial purposes in the states of Telangana and Andhra Pradesh (erstwhile State of Andhra Pradesh).

2. Basis of preparation of financial statement

(a) Statement of compliance

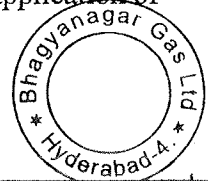
- i) The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2017.
- ii) Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.
- iii) The financial statements were authorised for issue by the Board of Directors on 11th May 2018.

(b) Functional and presentation currency

- i) These financial statements are presented in INR, which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest lakhs.

(c) Use of estimates and judgements

- i) The preparation of the financial statements in conformity with Ind ASs requires management to make judgements, estimates and assumptions that affect the application of



accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

- ii) Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.
- iii) Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the notes: Note 32 – Measurement of defined benefit obligations.

3. Significant accounting Policies

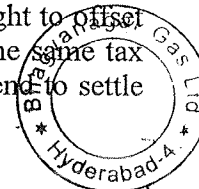
The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening Ind AS balance sheet as at 1st April 2015 for the purposes of the transition to Ind ASs, unless otherwise indicated.

(a) Inventories

- i) Inventories are measured at the lower of cost and net realisable value.
- ii) The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.
- iii) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(b) Income Tax

- i) Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of profit and loss except relating to items recognised directly in equity or in other comprehensive income.
- ii) Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
- iii) Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
- iv) Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.
- v) Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle



current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

- vi) A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(c) Property, Plant and Equipment

• Recognition and measurement

- i) Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The Company has elected to apply the optional exemption to use this previous GAAP value as deemed cost at 1 April 2015, the date of transition.
- ii) Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use and borrowing costs on qualifying assets.
- iii) When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.
- iv) Stores & Spares which meet the definition of property plant and equipment and satisfy the recognition criteria of Ind AS 16 are capitalized as property, plant and equipment.
- v) Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in the statement of profit and loss.
- vi) The capital work in progress includes material in transit / value of materials / equipment etc. received at site for use in the projects.
- vii) The related expenditure incurred during the year, which is attributable to acquisition / construction of fixed assets/projects, is capitalized at the time of commissioning of such assets.

• Subsequent Costs

- i) The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.



- **Depreciation**

- i) Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.
- ii) Depreciation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.
- iii) The estimated useful lives for the current and comparative periods are determined with reference to Schedule II to the Companies Act, 2013. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate

(d) Leased Assets

- i) Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.
- ii) Other leases are operating leases and the leased assets are not recognised in the Company's balance sheet.

(e) Lease payments

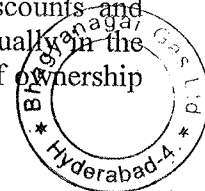
- i) Payments made under operating leases are recognised in the statement of profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.
- ii) Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.
- iii) Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(f) Revenue

- **Goods Sold**

- i) Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership

Pen



have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

- ii) The timing of the transfers of risks and rewards varies depending on the individual terms of the contract of sale, which generally coincides with the delivery of goods to the customers.

- **Others**

- i) Insurance claims are accounted for on the basis of claims admitted/settled by the insurers.

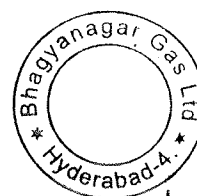
(g) Employee Benefits

- **Defined contribution plans**

- i) A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of profit and loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value

- **Defined Benefit Plans**

- i) A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds, in the absence of deep market for high quality corporate bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.
- ii) To the extent that the benefits vest immediately, the expense is recognised immediately in the statement of profit and loss. The Company recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income.



- **Other long-term employee benefits**

- i) The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds, in the absence of deep market for high quality corporate bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains/ losses are recognised in the statement of profit and loss in the period in which they arise.

- **Short term employee benefits**

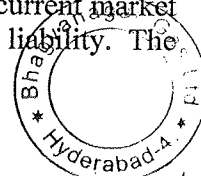
- i) Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

- (h) Foreign currency**

- i) Transactions in foreign currencies are translated to functional currencies of Company at exchange rates at the dates of the transactions.
- ii) Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.
- iii) Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.
- iv) Foreign currency differences arising on retranslation are recognised in the statement of profit and loss.
- v) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction

- (i) Provisions**

- i) A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.



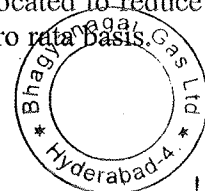
(j) Impairment

• Financial assets (including receivables)

- i) A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.
- ii) Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.
- iii) In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for trade receivables
- iv) The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables
- v) ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected in a separate line in the statement of profit and loss as an impairment gain or loss.

• Non-Financial Assets

- i) The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated each year at the same time.
- ii) The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").
- iii) The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.
- iv) An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.



- v) An impairment loss in respect of assets, impairment losses recognised in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

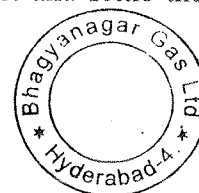
(k) Financial Instruments

• Financial Assets

- i) The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.
- ii) The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability. Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.
- iii) They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.
- iv) The Company's financial assets include security deposits, cash and cash equivalents, trade receivables and eligible current and non-current assets. Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

• Financial Liabilities

- i) The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.
- ii) The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.
- iii) Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.



iv) The Company has the following financial liabilities:

Loans and borrowings and trade and other payables: Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(l) Share Capital

- i) Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(m) Finance Income and Finance Costs

- i) Finance income comprises interest income on funds invested, dividend income. Interest income is recognised as it accrues in the statement of profit and loss, using the effective interest method.
- ii) Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of profit and loss using the effective interest method.

(n) Earnings per share

- i) The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares.
- ii) Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.
- iii) Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise of shares to be issued to APIIC as a consideration for land given to the Company.

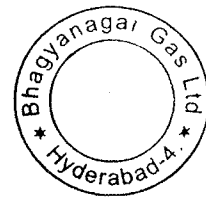
(o) Non-Current Assets Held for Sale

- i) Non-current assets comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on initial classification as held for sale and subsequent gains or losses on re measurement are

recognised in the statement of profit and loss. Gains are not recognised in excess of any cumulative impairment loss.

(p) New standards and interpretations not yet adopted

- i) A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2018, and have not been applied in preparing these financial statements. None of these is expected to have an effect on the financial statements of the Company.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2018

4 Revenue from operations (including excise duty)

	31st March 2018	31st March 2017
Sale of CNG	12,666.23	12,185.64
Sale of ALPG	116.35	127.61
Sale of PNG	2,876.79	808.17
	15,659.37	13,121.42

5 Other income

	31st March 2018	31st March 2017
Interest on fixed deposits	116.09	151.38
Interest - others	60.71	147.05
Interest on income tax refund	1.31	9.71
Miscellaneous income	23.18	52.16
Gain on Sale of Assets	35.18	
	236.46	360.30

6 Cost of materials consumed

	31st March 2018	31st March 2017
Opening stock (natural gas)	13.55	16.66
Add: Purchases*	6,112.02	4,391.65
Add: Product transshipment charges	837.57	704.84
	6,963.14	5,113.14
Less: Closing stock (natural gas)	(28.73)	(13.55)
	6,934.41	5,099.60

Note: Includes gas transportation, CST@ 2%, positive and negative imbalances charges.

7 Purchases of stock-in-trade

	31st March 2018	31st March 2017
Purchases of ALPG**	116.35	127.61
	116.35	127.61

Note: Includes inter state sales tax paid on purchases of ALPG

8 Changes in inventories

	31st March 2018	31st March 2017
Opening stock	10.55	9.76
Closing stock	(12.53)	(10.55)
	(1.98)	(0.78)

9 Employee benefits expense

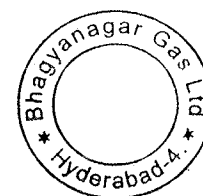
	31st March 2018	31st March 2017
Salary, wages and bonus	532.22	367.14
Contribution to provident fund	9.94	10.38
Expenses related to post-employment defined benefit plans	10.67	6.87
Expenses related to compensated absences	7.45	1.43
Staff welfare expenses	7.40	1.84
	567.68	387.66

10 Finance costs

	31st March 2018	31st March 2017
Interest on borrowings		
- Banks	386.90	567.23
- Others	1,218.41	1,680.00
- Prepayment charges on term loan	57.63	
Interest expense on financial liabilities (amortised)	16.64	15.26
	1,679.58	2,262.49
Interest apportioned to fixed assets and capital work-in-progress	(165.09)	(504.20)
	1,514.65	1,758.29

11 Depreciation

	31st March 2018	31st March 2017
Depreciation on property, plant and equipment	980.49	822.09
	980.49	822.09



12 Other expenses

	31st March 2018	31st March 2017
Advertisement	31.25	13.35
Business promotion	26.64	7.07
Vehicle hire and running expenses	61.40	55.21
Power & fuel	400.77	361.34
Insurance	21.55	17.74
Technical assistances services	467.83	246.28
Postage & courier	3.20	2.66
Printing & stationery	11.45	7.56
Rent, rates & taxes	125.31	90.92
Repairs & maintenance - buildings	0.56	16.58
Repairs & maintenance - others	13.97	10.88
Repairs & maintenance - plant & machinery	727.86	554.89
Security services	69.16	43.48
Telephone charges	14.67	12.49
Travelling expenses	59.33	47.58
Professional charges	66.29	55.82
Training cum conference	6.99	0.47
Audit fees (refer note 12(a) below)	5.49	3.93
Bank charges	60.36	30.79
Foreign exchange fluctuation	1.19	(5.95)
Hook-up charges RGTIL - Hyderabad	260.31	260.31
Railway way leave charges	37.31	36.93
NHAI way leave charges	2.85	2.85
Corporate social responsibility expenses (refer note 12(b) below)	28.00	10.75
General expenses	1.73	6.40
Directors fees	2.66	2.34
PNG DMA Service charges	110.71	
Miscellaneous expenses	39.81	34.36
Impairment loss on Inventory	18.74	
Provision for Bad and doubtful debts	84.80	
	2,762.18	1,927.04

Note: Business Promotion expense includes Rs. 19.68 Lacs towards free supply of PNG to domestic prospective customers for a limited period of 3 months

12 (a) Audit fees

	31st March 2018	31st March 2017
As auditor		
Statutory audit	3.00	3.00
Tax audit (including transfer pricing audit and documentation)	0.90	0.90
Other Services - Limited Review Reporting	0.50	-
Taxes	1.09	0.03
	5.49	3.93

12 (b) Corporate social responsibility

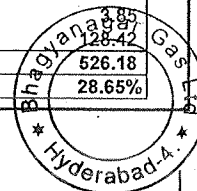
	31st March 2018	31st March 2017
(a) Amount required to be spent by the company during the year	18.68	22.14
(b) Amount spent during the year (in cash)		
(i) Construction/ acquisition of any asset		-
(ii) On purposes other than (i) above	28.00	10.75

13 Income tax expense

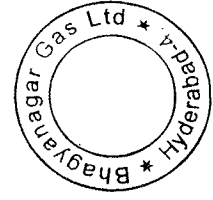
	31st March 2018	31st March 2017
A. Amounts recognised in profit and loss		
Current tax		
Current period (a)	304.63	393.91
Adjustments in respect of current income tax of previous year (b)	-36.04	3.85
Deferred tax		
Attributable to		
Relating to origination and reversal of temporary differences (c)	259.70	128.32
Income tax expense (a+b+c)	528.29	526.08

	31st March 2018	31st March 2017
B. Income tax recognised in other comprehensive income		
Net loss/ (gain) on re-measurement of defined benefit plans	2.35	0.10
Income tax charges to other comprehensive income	2.35	0.10

	31st March 2018	31st March 2017
C. Reconciliation of effective tax rate		
Profit before tax	1,451.38	1,836.44
Effective tax rate	21.34%	21.34%
Computed effective tax expense (MAT)	309.75	391.93
Effect of Ind AS adjustments		-
Effect of tax deductible expense	(5.12)	(5.41)
Effect of interest for short and deferment of advance tax	-	7.40
Changes in estimates related to prior periods	-36.04	3.85
Movement in deferred tax liability (including MAT credit entitlements)	262.05	128.42
Income tax expense charged to SoPL and OCI	530.63	526.18
Income tax expense charged to SoPL and OCI	36.56%	28.65%



14 Property, plant and equipment											Rs. in Lacs
A. Reconciliation of carrying amount											
Particulars	Freehold land	Factory building	Buildings	Roads and culverts	Plant and machinery	Electrical equipment	Furniture and fixtures	Office equipment	Total (A)	Capital work-in-progress (B)	Total (A+B)
1. Cost or deemed cost (gross carrying amount)											
Balance at 1 April 2016	642.29	793.44	139.73	17.19	17,450.96	275.00	30.58	21.98	19,371.17	12,195.52	31,570.69
Additions	-	-	-	-	4,002.82	41.35	2.58	0.85	4,047.60	2,273.99	6,321.59
Disposals	-	-	-	-	-	-	-	-	-	(4,047.60)	(4,047.60)
Balance at 31 March 2017	642.29	793.44	139.73	17.19	21,453.78	316.36	33.16	22.83	23,418.77	10,425.91	33,844.68
Balance at 1st April 2017	642.29	793.44	139.73	17.19	21,453.78	316.36	33.16	22.83	23,418.77	10,425.91	33,844.68
Additions	-	-	-	-	4,981.96	87.25	-	-	5,069.21	6,767.80	11,837.01
Disposals	-	-	-	-	(216.18)	(0.32)	-	-	(216.50)	(5,069.21)	(5,285.71)
Balance at 31 March 2018	642.29	793.44	139.73	17.19	26,219.55	403.29	33.16	22.83	28,271.48	12,124.50	40,395.98
2. Accumulated depreciation											
Balance at 1 April 2016	-	30.23	3.48	8.47	667.84	45.78	4.67	2.73	763.20	-	763.20
Depreciation for the year	-	30.23	3.48	3.38	735.89	40.58	4.48	4.04	822.09	-	822.09
Disposals	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2017	-	60.46	6.96	11.86	1,403.72	86.36	9.15	6.77	1,585.28	-	1,585.28
Balance at 1 April 2017	-	60.46	6.96	11.86	1,403.72	86.36	9.15	6.77	1,585.28	-	1,585.28
Depreciation for the year	-	30.23	3.48	1.18	889.50	46.34	4.70	5.06	980.49	-	980.49
Disposals	-	-	-	-	(25.27)	(0.28)	-	-	(25.54)	-	(25.54)
Balance at 31 March 2018	-	90.70	10.44	13.04	2,267.96	132.42	13.85	11.83	2,540.24	-	2,540.24
3. Carrying amounts (net)											
At 31 March 2017	642.29	732.98	132.77	5.33	20,050.05	230.00	24.01	16.06	21,833.49	10,425.91	32,259.40
At 31 March 2018	642.29	702.74	129.29	4.16	23,951.59	270.87	19.31	10.99	25,731.24	12,124.50	37,855.74
B. Capital work-in-progress											
The capital work in progress includes payments made to contractors for execution of projects, material in transit / value of materials / equipment / etc. received at site for use in the projects. Besides, it also includes borrowing cost allocated to qualifying assets/ projects.											
C. Security											
As at 31st March 2017, the whole of the borrowers Property, Plant and Equipment are subject to first charge to secured bank loans from the consortium of lenders comprising of Canara and Corporation Bank.											
1 Since the Term Loan has been cleared during FY18, to that affect the satisfaction of the charge on property was granted by the consortium banks to enable the charge to be created in favour of ICICI Bank towards fresh term loans granted.											
D. Sale deed in respect of the following land has not yet been executed											
1 Land at mother station, Shamirpet, Hyderabad admeasuring 2.18 acres allotted by APIC INR 218 lakhs.											
2 Land at Medhcal Village, R.R. Dist, Hyderabad admeasuring 180 Sq. Mtrs allotted by APIC INR 10.80 lakhs.											
3 Land at mother Station, Sarpavaram, Vaktlapudi, Kakinada admeasuring 1.50 acres allotted by APIC INR 145.68 lakhs.											



15 Other financial assets

	31st March 2018	31st March 2017
RGTIL-Security deposit	11.10	11.10
Electricity deposits	35.48	35.18
Others	24.23	18.73
Deposits with banks maturity beyond 12 months	38.00	-
	108.82	65.00

RGTIL: Reliance Gas Transportation Infrastructure Limited (RGTIL)

16 Other tax assets (Net)

	31st March 2018	31st March 2017
Advance income tax	392.19	963.55
TDS	17.23	68.65
Less: Provision for taxation	(303.45)	(1,007.67)
	105.98	24.53

17 Other non-current assets

	31st March 2018	31st March 2017
RGTIL hook-up charges	791.03	1,051.34
Railway way leave charges	160.91	198.22
NHAI way leave charges	2.85	5.70
Leased land with APIIC	59.66	62.00
	1,014.45	1,317.27

NHAI: National Highway Authority of India

APIIC: Andhra Pradesh Industrial Investment Corporation

18 Inventories

	31st March 2018	31st March 2017
Raw material (natural gas in pipeline)	28.73	13.55
Finished goods	12.53	10.55
Stores and spares	107.63	42.77
	148.89	66.87

19 Trade receivables

	31st March 2018	31st March 2017
Unsecured, considered good	999.15	1,442.15
Less: Provision for Bad and Doubtful Debts	84.80	-
	914.35	1,442.15

20 Cash and cash equivalents

	31st March 2018	31st March 2017
(i) Bank balances		
Current accounts	163.78	3,200.67
Deposits with maturity less than 3 months	3.41	1,230.19
(ii) Cheques, drafts on hand	0.00	5.50
(iii) Cash on hand	6.35	7.72
	173.54	4,444.08

21 Other bank balances

	31st March 2018	31st March 2017
Deposits with banks with maturity beyond 3 months but less than 12 months*	1526.05	2195.64
	1526.05	2195.64

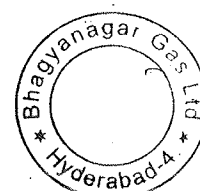
*The above deposits includes FD in Debt Service Reserve Account. Further, also includes other FDs with maturity more than 3 months and less than 12 months held as margin money against the guarantees and LC's issued by the company.

22 Other financial assets

	31st March 2018	31st March 2017
Interest accrued on deposits	61.31	56.92
	61.31	56.92

23 Other current assets

	31st March 2018	31st March 2017
(A) Advance other than capital advances		
(a) Pre-paid expenses	26.01	23.42
(b) Other advances	1.12	-
(B) Others		
(a) VAT, CENVAT and others	345.85	233.60
	372.99	257.02



24 Equity share capital

	31st March 2018	31st March 2017
(i) Authorised capital		
100,000,000 Equity shares of INR 10/- each	10,000.00	10,000.00
Previous year 100,000,000 Equity shares of INR 10/- each		
(ii) Issued capital		
9,23,48,500 Equity shares of INR 10/- each	9,234.85	5,002.50
Previous year 5,00,25,000 Equity shares of INR 10/- each		
(iii) Subscribed and paid up		
8,73,48,500 Equity shares of INR 10/- each	8,734.85	4,502.50
Previous year 4,50,25,000 Equity shares of INR 10/- each		

(iv) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Number of shares in lakhs	31st March 2018	31st March 2017
Shares outstanding at the beginning of the year	450.25	450.25
Add: Issued and allotted during the year	423.24	-
Shares outstanding at the end of the year	873.49	450.25

(v) Rights, preferences and restrictions attached to the equity shares:

- (a) The Company has only one class of equity shares having par value of INR 10 each. Each shareholder is eligible for one vote
- (b) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by
- (c) Apart from the rights, restrictions and preferences prescribed by the Companies Act, 2013 and the Articles of Association of the company, the Shareholders' agreement also elaborately deal with the above. In brief the above referred documents provide for
- ☐ On transfer of shares to outsiders
 - ☐ On transfer of shares to the existing shareholders
 - ☐ For issue of fresh equity or transfer of shares to
 - ☐ Restriction on voting rights
 - ☐ Appointment of directors, etc.

(vi) The details of shareholders holding more than 5% shares in the Company:

	31st March 2018	31st March 2017
(a) Equity Shares		
GAIL (India) Limited :		
Number of equity shares in lakhs	436.50	225.00
% of holding	49.97%	49.97%
Hindustan Petroleum Corporation Limited		
Number of equity shares in lakhs	436.50	225.00
% of holding	49.97%	49.97%

(vii) At the 11th Annual General Meeting of the company held on August 20, 2014, consent of the Company was accorded to the Board to create, offer, issue and allot, from time to time, one or more tranches, up to an aggregate of 5 crores equity shares of face value of INR 10 each at a price of INR 10 per equity share aggregating to INR 50 crore on a preferential basis. Accordingly 2,24,87,500 shares each were issued and allotted to GAIL and HPCL. Allotment of shares to APIIC is pending for transfer of title to the parcels of land allotted by them to the company. Aggrieved by the above decision of the Company, Kakinada Seaports Ltd., one of the shareholders approached the Company Law Board (CLB), Chennai Bench, seeking various reliefs including stay of the aforesaid issue and allotment of shares which was dismissed by CLB the same on 14th September 2014 in favour of the company. Against this dismissal order, the aggrieved shareholder has filed an appeal in the High Court of Judicature in Hyderabad and also an application, inter alia, seeking stay of allotment of said shares. The High Court has admitted the Appeal, it has not granted any stay against the order of the CLB. The matter is sub-judice.

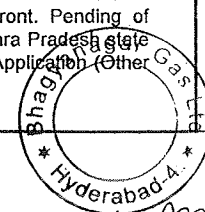
(viii) At the 88th Board Meeting of the company held on 4th December 2017, pursuant to the provisions of Section 62(1)(a) of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014, the consent of the Board of Directors is given for issue of 4,23,23,500 equity shares at Rs.50/- per share of an aggregate value of Rs. 211,61,75,000/- on rights basis to the existing members of the company in proportion to their current shareholding as on 25th November 2017. Consequently during January 2018, the rights issue of equity shares has been completed.

25 Share based payments

	31st March 2018	31st March 2017
Share application money (Other than cash consideration)	431.97	431.97
Share Premium	16,929.40	

(Equity Settled share based payment arrangements)

In line with the Memorandum of understanding, APIIC would be contributing 5% to the equity in the form of cash or land. For this purpose, at the 13th Annual General Meeting of the company held on September 28th, 2016, consent of the Company was once again accorded to the Board to create, offer, issue and allot, from time to time, equity shares on a preferential basis to APIIC and/or its successor in terms of the A.P. Reorganisation Act, 2014. The company has reserved 50,00,000 shares of INR 10/- to be allotted to APIIC and/or its successor. In anticipation, APIIC has already allotted land at three places in the GAs of Hyderabad (Telangana), Vijayawada (Andhra Pradesh) and Kakinada (Andhra Pradesh) and the company has taken possession. The total consideration of land allotted from APIIC is INR 4,51,96,880. The Company has paid INR 20,00,000 upfront. Pending of procedural formalities of documentation and the bifurcation of assets and liabilities between Telangana and Andhra Pradesh state in terms of A.P. Reorganisation Act, 2014, the balance amount of INR 4,31,96,880 has been shown as Share Application (Other than Cash Consideration). The said amount would be adjusted against the subscription for shares.



26 Borrowings

	31st March 2018	31st March 2017
A. Non-current borrowings		
Term loans from banks (secured)	5,085.43	2,394.60
Loans from related parties (unsecured)		
GAIL (India) Ltd		3,000.00
HPCL		
Total Non Current borrowings	5,085.43	5,394.60
B. Current borrowings		
Term loans from banks (secured)*	1,825.87	1,826.64
Loans from related parties (unsecured)		
GAIL (India) Ltd		7,500.00
HPCL		7,500.00
Sub total	1,825.87	16,826.64
Amount included under other financial liabilities	(1,825.87)	(1,826.64)
Total current borrowings	-	15,000.00

* current portion of long term borrowings

C. Terms and repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	31st March 2018	31st March 2017
1. Secured bank loan in INR		
Consortium of bankers comprising of Canara and Corporation Bank		
- Effective Interest rate 10.33%		4,221.24
ICICI BANK		
- Effective Interest rate 8.20 %	6,911.30	
2. Un-secured bridge loan from related party		
(a) GAIL (India) Limited		
(i) Loan at simple interest		
- Interest rate @ 10% p.a		4,500.00
- Interest rate @ 13% p.a		
(ii) Loan at compounding interest		
- Interest rate @ 10% p.a		3,000.00
(a) HPCL		
(i) Loan at simple interest		
- Interest rate @ 10% p.a		4,500.00
- Interest rate @ 13% p.a		3,000.00
(ii) Loan at compounding interest		
- Interest rate @ 10% p.a		
Total borrowings	6,911.30	19,221.24

3. Repayment of secured bank loan borrowed from consortium of bankers comprising of Canara and Corporation bank

The loan is repayable in 24 equal quarterly instalments after a moratorium of 36 months from the initial drawdown date. The year of maturity of the term loan is March 2020. However in view of Rupee Term Loan arrangement with ICICI Bank, the existing loan with Canara and Corporation Banks has been repaid through ICICI Bank during Dec 2017.

4. Repayment of unsecured Bridge loan borrowed from related parties GAIL (India) Limited and HPCL

1. Bridge loan borrowed at simple interest rate is to be repaid along with interest in five equal monthly instalments commencing from 30.04.2017 and ending with 31.08.2017 or upon conversion of debt into equity, whichever is earlier.

2. Bridge loan borrowed at compounding interest rate is to be repaid after a moratorium period of 2 years, in maximum two instalments.

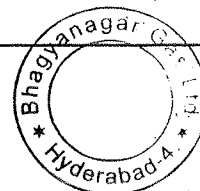
3 During Jan 2018, Both the Promoters i.e. GAIL and HPCL agreed and requested to adjust the Bridge Loan amount including accrued interest against the right issue of equity capital by BGL and consequently the entire Bridge Loan from both M/s HPCL and M/s GAIL (India) Limited was settled along with interest by issue of equity shares on right basis and the balance amount of loan and interest upto the date of adjustment against equity has been settled by BGL in cash.

5. During the year apart from availing re-finance loan from ICICI Bank to repay the existing loans taken from consortium of banks i.e. Canara and Corporation Banks, new term loan for Rs. 400 Crores had also been sanctioned by ICICI Bank out of which around Rs. 45 Crores had been drawn at an MCLR rate of 8.2 % p.a as on March 2018. The initial Door-to-Door tenor of the facility shall be 12 years comprising of construction period of 2 years, Moratorium period of 2 years and repayment period of 8 years.

D. Security for bank loans

The Rupee Term Loan facility and all amounts in respect thereof from ICICI Bank shall be secured by:

- first pari-passu charge on the fixed assets (movable and immovable) and current assets of the company, both present and future
- First pari-passu charge on the Trust and Retention Accounts.
- First pari-passu charge on the intangible assets including Goodwill..by way of hypothecation on all the plant and machinery, machinery spares, tools, accessories, furniture, fixtures, vehicles, intangible assets including but not limited to the goodwill, uncalled capital and all other movable assets, both present and future, in relation to the project.



27 Provisions

	31st March 2018	31st March 2017
(a) Provision related to post-employment defined benefit plans	28.23	25.32
(b) Provision related to compensated absences	5.79	6.09
	34.03	31.41

28 Deferred tax liabilities (Net)

	31st March 2018	31st March 2017
(i) Deferred tax assets		
Indexation of freehold land	37.50	34.69
Provision related to post-employment defined benefit plans	9.37	8.42
Provision related to compensated absences	6.86	6.52
Un absorbed depreciation	267.47	317.05
MAT credit entitlements	1,384.78	1,080.16
Others	36.87	-
Sub total (A)	1,742.86	1,446.83
(ii) Deferred tax liabilities		
Tangible assets	2,828.70	2,265.12
Term loans from banks	-	5.50
Others	-	-
Sub total (B)	2,828.70	2,270.63
(iii) Deferred tax liabilities (Net) B-A	1,085.84	823.80

29 Trade payables

	31st March 2018	31st March 2017
Trade payables to related parties	407.19	227.19
Other trade payables	830.12	378.47
	1,237.31	605.66

1. The Company does not owe any sum to Small Scale Industrial unit as defined in clause (j) of Section 3 of the Industrial (Development & Regulation) Act, 1951. Based on the details regarding the status of the suppliers, to the extent obtained, no supplier is covered under the Act.

2. The Company does not owe any sum to enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the act). Based on the details regarding the status of the suppliers, to the extent obtained, no supplier is covered under the Act.

30 Other financial liabilities

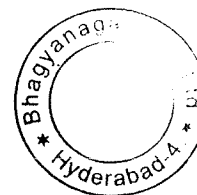
	31st March 2018	31st March 2017
(i) Current maturities of long-term debt		
(a) Term loans from banks, secured	1,825.87	1,826.64
(ii) Interest accrued on bridge loan, but not due -		
(a) GAIL (India) Ltd		3,924.43
(b) HPCL		3,938.38
(ii) Others -		
(a) Retention money	71.92	51.23
(b) EMD / security deposits	169.62	84.34
(c) Creditors for capital goods	882.35	748.07
(d) PNG customer deposits	449.55	387.70
	3,399.32	10,960.79

31 Other current liabilities

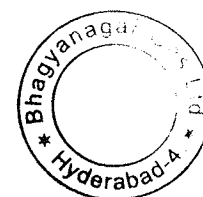
	31st March 2018	31st March 2017
Statutory liabilities	246.36	237.26
Accruals	69.75	37.23
Other liabilities	5.30	3.14
	321.41	277.63

32 Provisions

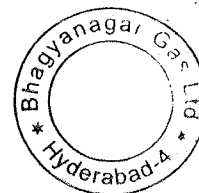
	31st March 2018	31st March 2017
(a) Provision related to post-employment defined benefit plans	0.11	0.14
(b) Provision related to compensated absences	14.94	13.63
	15.06	13.78



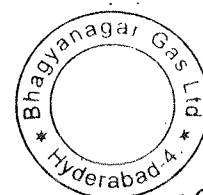
33 Assets and Liabilities relating to employee benefits	31st March 2018	31st March 2017
A. Gratuity		
1. Changes in Present Value of Obligations (PVO)		
PVO at beginning of period	25.46	20.31
Interest cost	1.68	1.46
Current service cost	5.43	5.41
Past Service Cost-(non vested benefits)	-	-
Past Service Cost-(vested benefits)	3.56	-
Benefits paid	(0.69)	(1.41)
Actuarial (gain)/loss on obligation	7.10	(0.30)
PVO at end of period	28.34	25.46
	-	-
2. Interest expenses		
Interest cost	1.68	1.46
	-	-
3. Fair value of plan assets		
Fair value of plan assets at the beginning	-	-
Interest income	-	-
	-	-
4. Net liability		
PVO at beginning of period	25.46	20.31
Fair value of the assets at beginning report	-	-
Net liability	25.46	20.31
	-	-
5. Net interest		
Interest expenses	1.68	1.46
Interest income	-	-
Net interest	1.68	1.46
	-	-
6. Actual return on plan assets		
Less Interest income included above	-	-
Return on plan assets excluding interest income	-	-
	-	-
7. Actuarial (gain)/loss on obligation		
Due to demographic assumption	-	-
Due to financial assumption	-7.05	3.90
Due to experience	(0.05)	(4.20)
Total actuarial (gain)/loss	(7.10)	(0.30)
	0	-
8. Fair value of plan assets		
Opening fair value of plan asset	-	-
Adjustment to opening fair value of plan asset	-	-
Return on plan assets excl. interest income	-	-
Interest income	-	-
Contributions by employer	0.69	1.41
Contributions by employee	-	-
Benefits paid	(0.69)	(1.41)
Fair value of plan assets at end	-	-
	-	-
9. Past service cost recognised		
Past service cost- (non vested benefits)	-	-
Past service cost -(vested benefits)	3.56	-
Average remaining future service till vesting of the benefit	-	-
Recognised past service cost- non vested benefits	-	-
Recognised past service cost- vested benefits	3.56	-
Unrecognised past service cost- non vested benefits	-	-



10. Amounts to be recognized in the balance sheet and statement of Profit & loss account	-	-
PVO at end of period	28.34	25.46
Fair value of plan assets at end of period	-	-
Funded status	(28.34)	(25.46)
Net asset/(liability) recognized in the balance sheet	(28.34)	(25.46)
11. Expense recognized in the statement of profit & loss account	-	-
Current service cost	5.43	5.41
Net interest	1.68	1.46
Past service cost- (non vested benefits)	-	-
Past service cost -(vested benefits)	3.56	-
Curtailment effect	-	-
Settlement effect	-	-
Expense recognized in the statement of profit & loss account	10.67	6.87
12. Other Comprehensive Income (OCI)	-	-
Actuarial (gain)/loss recognized for the period	(7.10)	(0.30)
Asset limit effect	-	-
Return on plan assets excluding net interest	-	-
Unrecognized actuarial (gain)/loss from previous period	-	-
Total actuarial (gain)/loss recognized in (OCI)	(7.10)	(0.30)
13. Movements in the liability recognized in balance Sheet	-	-
Opening net liability	25.46	20.31
Adjustment to opening balance	-	-
Expenses as above	10.67	6.87
Contribution paid	(0.69)	(1.41)
Other comprehensive income	(7.10)	(0.30)
Closing net liability	28.34	25.46
14. Schedule III of The Companies Act 2013	-	-
Current liability	0.11	0.14
Non-current liability	28.23	25.32
15. Projected service cost 31 March 2019	7.04	-
16. Asset Information	-	-
Cash and cash equivalents	-	0%
Gratuity fund (LIC)	-	-
Debt security - government bond	-	-
Equity securities - corporate debt securities	-	-
Other insurance contracts	-	-
Property	-	-
Total itemized assets	-	0%
17. Assumptions as at reporting date	-	-
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Interest / discount rate	7.74%	6.69%
Rate of increase in compensation	10.00%	10.00%
Annual increase in healthcare costs	-	-
Future changes in maximum state healthcare benefits	-	-
Expected average remaining service	23.26	23.50
Employee attrition rate(past service (PS))	PS: 1 to 5 : 4% PS: 5 to 42 : 0%	PS: 1 to 5 : 4% PS: 5 to 42 : 0%
18. Sensitivity analysis	-	-
	DR: Discount Rate	ER: Salary
	PVO DR +1% PVO DR +1%	Escalation Rate
PVO	23 35	PVO ER -1% 23
19. Expected Payout	-	-
Year	Expected Outgo First	Expected Outgo Second
Payouts	11407	12015
	Expected Outgo Third	Expected Outgo Fourth
	12693	13,442
	Expected Outgo Fifth	Expected Outgo Six
	14261	to Ten Years 86,157
20. Asset Liability Comparisons	-	-
Year	31-Mar-14	31-Mar-15
PVO at end of period	13	18
Plan Assets	-	20
Surplus / (Deficit)	-41,729	-42,094
Experience adjustments on plan assets	-42,460	-42,825
	-42,825	-43,190



	31st March 2018	31st March 2017
B. Leave Encashment		
1. Changes in present value of obligations		
PVO at beginning of period	6.12	6.37
Interest cost	0.19	0.30
Current service cost	13.12	10.75
Benefits paid	(6.44)	(4.70)
Actuarial (gain)/loss on obligation	(7.13)	(6.60)
PVO at end of period	5.86	6.12
2. Interest expenses		
Interest cost	0.19	0.30
3. Fair value of plan assets		
Fair value of plan assets at the beginning	-	-
Interest income	-	-
4. Net liability		
PVO at beginning of period	6.12	6.37
Fair value of the assets at beginning report	6.12	6.37
Net liability		
5. Net interest		
Interest expense	0.19	0.30
Interest income	-	-
Net interest	0.19	0.30
6. Actual return on plan assets		
Less Interest income included above	-	-
Return on plan assets excluding interest income	-	-
7. Actuarial (gain)/loss on obligation		
Due to demographic assumption	-	-
Due to financial assumption	(1.49)	1.01
Due to experience	(5.64)	(7.61)
Total actuarial (gain)/loss	(7.13)	(6.60)
8. Fair value of plan assets		
Opening fair value of plan asset	-	-
Adjustment to opening fair value of plan asset	-	-
Return on plan assets excl. interest income	-	-
Interest income	-	-
Contributions by employer	6.44	4.70
Contributions by employee	-	-
Benefits paid	-6.44	(4.70)
Fair value of plan assets at end	-	-
9. Past service cost recognised		
Past service cost- (non vested benefits)	-	-
Past service cost -(vested benefits)	-	-
Average remaining future service till vesting of the benefit	-	-
Recognised past service cost- non vested benefits	-	-
Recognised past service cost- vested benefits	-	-
Unrecognised past service cost- non vested benefits	-	-
10. Amounts to be recognized in the balance sheet and statement of profit & loss account		
Fair value of plan assets at end of period	5.86	6.12
Funded status	-	-
Net asset/(liability) recognized in the balance sheet	(5.86)	(6.12)
	(5.86)	(6.12)
11. Expense recognized in the statement of profit & loss account		
Current service cost	13.12	10.75
Net interest	0.19	0.30
Past service cost- (non vested benefits)	-	-
Past service cost -(vested benefits)	-	-
Curtailment effect	-	-
Settlement effect	-	-
Actuarial (gain)/loss recognized for the period	(7.13)	(6.60)
Expense recognized in the statement of profit & loss account	6.18	4.46
	-	-
12. Movements in the liability recognized in balance sheet		
Opening net liability	6.12	6.37
Adjustment to opening balance	-	-
Expenses as above	6.18	4.46
Contribution paid	(6.44)	(4.70)
Closing net liability	5.86	6.12



13. Schedule III of The Companies Act 2013	-	-
Current liability	14.94	13.63
Non-current liability	5.79	6.09
14. Short term compensated absence liability	-	-
Valuation date.	31-Mar-18	31-Mar-17
No of days	1,097.00	980.00
Amount *	14.87	13.60
15. Projected service cost 31 March 2019	11.15	-
16. Asset information	-	-
Cash and cash equivalents	-	-
Leave encashment scheme	-	-
Debt security - government bond	-	-
Equity securities - corporate debt securities	-	-
Other insurance contracts	-	-
Property	-	-
Total itemized assets	-	-
17. Assumptions	-	-
Mortality	IALM (2006-08) U	IALM (2006-08) Ult.
Interest / discount rate	7.74%	6.69%
Rate of increase in compensation	10%	10.00%
Annual increase in healthcare costs	-	-
Future changes in maximum state healthcare benefits	-	-
Expected average remaining service	23.26	23.50
Employee attrition rate(past service (PS))	PS: 1 to 5 : 4% PS: 5 to 42 : 0%	PS: 1 to 5 : 4% PS: 5 to 42 : 0%
18. Sensitivity analysis	DR: Discount Rate	ER: Salary Escalation Rate
PVO	PVO DR +1% 4.77 PVO DR +1% 7.27	PVO ER +1% 7.22 PVO ER +1% 4.78
19. Expected Payout	-	-
Year	Expected Outgo First	Expected Outgo Second
Payouts	14.94	0.07
	Expected Outgo Third	Expected Outgo Fourth
	0.07	0.07
	Expected Outgo Fifth	Expected Outgo Six to Ten Years
	0.08	0.41
20. Asset Liability Comparisons	-	-
Year	31-Mar-14	31-Mar-15
PVO at end of period	12.47	17.54
Plan Assets	-	-
Surplus / (Deficit)	-12.47	-17.54
Experience adjustments on plan assets	-6.37	-6.12
	31-Mar-16	31-Mar-17
	6.12	5.86
	31-Mar-17	31-Mar-18
	-6.12	-5.86

34 Capital Management

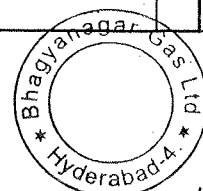
- The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity.
- The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position
- The Company's adjusted net debt to equity ratio is as follows:

	31st March 2018	31st March 2017
Total Liabilities	11,178.40	33,107.67
Less: Cash and Cash Equivalents	173.54	4,444.08
Adjusted Net Debt	11,004.86	28,663.58
Total Equity	31,103.71	9,021.22
Adjusted Net Debt to Equity Ratio	0.35	3.18

35 Financial Instruments**1. Accounting classifications and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in 31st March 2018

	Carrying Amount			Fair Value		
	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3
Financial assets measured at fair value	-	-	-	-	-	-



Financial assets not measured at fair value						
Security deposits	108.82	-	108.82	-	-	-
Accrued interest	61.31	-	61.31	-	-	-
Trade receivables	914.35	-	914.35	-	-	-
Cash and cash equivalents	173.54	-	173.54	-	-	-
	1,258.01	-	1,258.01	-	-	-
Financial liabilities not measured at fair value						
Secured bank loans	-	6,911.30	6,911.30	-	6,911.30	-
Loans from related parties	-	-	-	-	-	-
Trade payables	-	1,237.31	1,237.31	-	-	-
Capital creditors	-	882.35	882.35	-	-	-
Security deposits received	-	619.18	619.18	-	-	-
Accrued interest	-	-	-	-	-	-
Retention money	-	71.92	71.92	-	-	-
	-	9,722.06	9,722.06	-	6,911.30	-

31st March 2017

	Carrying Amount			Fair Value		
	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3
Financial assets measured at fair value	-	-	-	-	-	-
Financial assets not measured at fair value	-	-	-	-	-	-
Security deposits	65.00	-	65.00	-	-	-
Accrued interest	56.92	-	56.92	-	-	-
Trade receivables	1,442.15	-	1,442.15	-	-	-
Cash and cash equivalents	4,444.08	-	4,444.08	-	-	-
	6,008.16	-	6,008.16	-	-	-
Financial liabilities not measured at fair value	-	-	-	-	-	-
Secured bank loans	-	4,221.24	4,221.24	-	4,221.24	-
Loans from related parties	-	18,000.00	18,000.00	-	-	-
Trade payables	-	605.66	605.66	-	-	-
Capital creditors	-	748.07	748.07	-	-	-
Security deposits received	-	472.04	472.04	-	-	-
Accrued interest	-	7,862.81	7,862.81	-	-	-
Retention money	-	51.23	51.23	-	-	-
	-	31,961.05	31,961.05	-	4,221.24	-

36 Financial risk management**1. Overview**

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework:

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.



• Credit risk

1. Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The carrying amounts of financial assets represents the maximum credit exposure.

2. Trade and other receivables: The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The management does not expect any significant credit risk out of exposure to trade and other receivables, as the major part of the revenue is contributed by either through cash sales or sales to government owned oil marketing companies like HPCL, IOCL and State transport corporation of A.P. and Telangana with a credit period ranging from 3 days to 25 days. Provision for expected losses towards receivables as per Expected Credit Loss Model were considered to the tune of INR 84.80 Lacs for the Financial Year 2017-18 towards receivables from APSRTC and other Debtors.

3. The Board has established Credit Policy under which each customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The summary of the company's product wise Credit Period is tabulated below:

Product	Credit Period
1. Compressed Natural Gas (CNG)	
(a) Oil Marketing Companies like HPCL, IOCL Etc.,	15 Days form the Invoice Receipt date
(b) Road Transport Corporation like APSRTC, TSRTC Etc.,	Weekly Advance, followed by 25 Days for monthly Settlement upon receipt of Invoice
(c) Others	Cash and Carry Basis
2. Piped Natural Gas (Domestic)	21 Days form the Invoice date
3. Piped Natural Gas (Industrial)	3 Days form the Invoice Receipt date
4. Piped Natural Gas (Commercial)	7 Days form the Invoice Receipt date

4. Cash and cash equivalents: The company held cash and cash equivalents of INR 173.53 as at 31 March 2018 and INR 4,444.08 lakhs as at 31 March 2017. The cash and cash equivalents are held with public sector banks and leading private sector Bank. There is no impairment on cash and cash equivalents as on the reporting date and the comparative period.

• Liquidity risk

1. Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

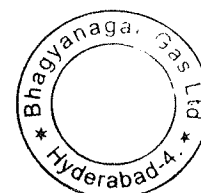
2. The company aims to maintain the level of its cash and cash equivalents and investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next six months. The company also monitors the level of level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities. This excludes potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

3. Exposure to Liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date.

31st March 18

	Carrying amount	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Borrowings- secured	6,911.30	912.94	912.94	585.43	562.50	3,937.50
Borrowings- un-secured	-	-	-	-	-	-
Trade payables	1,237.31	1,237.31	-	-	-	-
Other financial liabilities	1,573.45	241.54	1,331.91	-	-	-
	9,722.06	2,391.79	2,244.84	585.43	562.50	3,937.50



31st March 2017

	Carrying amount	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Borrowings- secured	4,221.24	913.32	913.32	2,394.60	-	-
Borrowings- un-secured	18,000.00	15,000.00	-	-	3,000.00	-
Trade payables	605.66	605.66	-	-	-	-
Other financial liabilities	9,134.15	7,998.38	1,135.77	-	-	-
	31,961.05	24,517.36	2,049.09	2,394.60	3,000.00	-

• Market Risk

1. Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

2. Currency Risk: The company does not have significant exposure in currency other than INR.

3. Interest rate Risk : The company manages its credit risk by entering into borrowing arrangements which are fixed/ floating and investing in fixed interest instruments.

Sensitivity analysis:

A reasonably possible change of 100 basis points in interest rate at the reporting date would have increased or decreased profit or loss by INR 53.66 Lakhs (31st March 2017: INR 53.66 Lakhs). This analysis assumes that all other variables remain constant

	100 bp increase		100 bp decrease	
	31st March 2017	31st March 2018	31st March 2018	31st March 2017
Interest on Secured Bank Loan- Variable Interest rate-	57.23	53.66	-57.23	(53.66)
Cash flow sensitivity	(57.23)	(53.66)	57.23	53.66

• Operational Risk

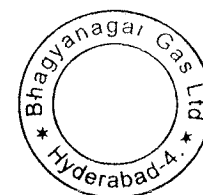
1. Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

2. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

3. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance when this is effective.

4. Compliance with Company's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and Board of the Company.



37 Operating leases

Assets taken on lease primarily consist of leased land taken for the purpose of setting up retail outlets, Pressure Reduction Skid (PRS), warehouse, lease hold land allotted by APIIC in Vijayawada and properties for use by the Company. These lease arrangements are normally renewed on expiry of the term. Amount of lease rental expenses is recognized in the Statement of Profit & Loss and forms part of Rent, Rates and Taxes.

38 Contingent liabilities and commitments**1. Contingent liabilities not provided for-**

	31st March 2018	31st March 2017
A. In respect of the following disputed demands / claims which are under appeal / representation for which the company expects no liability		
i. A.P. Value Added Tax- Restriction of ITC	16.73	16.73
ii. Central Excise- Valuation of excisable goods (CNG) and restriction of CENVAT credit	311.36	192.21
iii. Andhra Pradesh State Road Transport Corporation- Claims against supply of CNG	72.22	142.59
iv. In respect of appeals filed against the company towards Income Tax- Disallowance of expenditure for Assessment Years 2008-09 and 2009-10	120.27	120.27
B. Guarantees given		
i. PNGRB- VJA, HYD and KKD- BG's issued for operating CGD business.	1550.00	1,550.00
ii. Vijayawada Municipal Corporation- Performance BG for Pipe line laying in Vijayawada	121.95	38.00
iii. National Highways Authority of India	6.72	
iv. Hyderabad Road Development Corporation Ltd. (HRDCL)	50.00	
v. Others- Performance BG for Pipe line laying in Vijayawada.	5.05	5.05
C. Letter of Credit issue to		
Gas Authority of India Ltd.	1008.37	554.04
Reliance Gas Transportation India Ltd.	29.74	
GSPCL	165.10	

2. Commitments

i) The company is required to complete minimum residential connections for piped gas under the terms of contract awarded by PNGRB. Failing to complete the minimum number of connections would make the Company liable for penal consequences, against which the company has submitted bank guarantees to PNGRB. The company has received notices for delays in minimum installations. The charges for not completing minimum number of connections cannot be measured at this stage and also the Company has represented the matter to the concerned authorities as the delay is on account of various factors most of them being beyond the control of the company.

ii) In respect of City Gas Distribution activities in Kakinada, PNGRB in May, 2013, invoked the PBG and claimed Rs.1,33,54,500/- for non-achievement of milestones as set out in the authorization. Challenging this, Writ Petition was filed immediately in the High Court of Andhra Pradesh, which has granted stay. The matter is sub judice.

iii) BGL has suo moto filed writ petitions in November 2015 before the Hon'ble High Court of A.P. and Telangana against PNGRB to stay any invocation of PBGs amounting to Rs. 10,00,00,000 and Rs.4,00,00,000 issued to them for the GAs of Hyderabad and Vijayawada, respectively, on the grounds of force majeure conditions for non-performance. Interim stay has been granted and the matter is sub judice.

iv) BGL has entered into agreements with APSRTC (Valid for the successor TSRTC) for supply of CNG of varying quantities to their buses operating out of Vidhyadharapuram, Governorpet-II and Ibrahimpatnam depots in Vijayawada as also to Medhcal, Hakimpet and Cantonment depots operating in Hyderabad.

3. Estimated amount of Contracts remaining to be executed on Capital Account not provided for

	31st March 2018	31st March 2017
Estimated amount of Contracts remaining to be executed on Capital Account not provided for	12,381.56	5,988.09

39 Related parties**A. Parent and ultimate controlling party**

Bhagyanagar Gas Limited ("BGL" for short) is promoted as a Joint Venture company of GAIL (India) Limited and Hindustan Petroleum Corporation Limited (HPCL). The promoters GAIL and HPCL each holds 49.97% of equity share capital in BGL as on reporting date. Hence, treated as Related Parties of BGL

B. Transactions with key management personnel

Managing Director and Director-Commercial are on deputation from GAIL/HPCL. The amount mentioned below represents remuneration paid by GAIL/HPCL and debited to the company. The salary includes salary, employer's contribution to PF, LTA, bonus, medical benefits, gratuity & leave encashment.. All amounts mentioned below are inclusive of service tax or GST. The MD, DC and Company Secretary are regarded as Key Management Personnel in terms of Companies Act, 2013.

	31st March 2018	31st March 2017
1. Salary & Allowances	156.87	111.82
2. Transport cost (car)	8.40	7.69
	165.27	119.51



C. Transactions with related parties other than KMPs

1. Name of the Related Party	HPCL Joint Venture	GAIL Joint Venture	HPCL Joint Venture	GAIL Joint Venture
2. Nature of Relationship				
3. Nature of transaction:				
	31st March 2018		31st March 2017	
(i) Purchases				
(a) Auto LPG	130.89	-	127.61	-
(b) Natural Gas	-	5,726.10	-	4,197.42
(ii) Sales - CNG	5,964.63	4.13	5,788.21	-
(iii) Inland Letter of Credit	-	1,008.37	-	554.04
(iv) Interest on Bridge Loan	580.44	637.97	840.00	840.00
(vi) Manpower Cost- Deputation	188.73	274.49	130.51	188.51
(vii) NG Compression Service		8.71		

40 Earnings per share**A. Basic Earnings Per Share**

The calculation of basic earnings per share at 31 March 2018 was based on the profit attributable to ordinary shareholders of INR 916 Lakhs (2017: INR 1310.06 lakhs), and a weighted average number of ordinary shares outstanding of 544.17 lakhs (2017: 450.25 lakhs).

	31st March 2018	31st March 2017
1. Profit attributable to ordinary shareholders	916.00	1,310.06
2. Weighted average number of ordinary shares for the year	544.17	450.25
3. Basic EPS	1.68	2.91

B. Diluted Earnings Per Share

The calculation of diluted earnings per share at 31 March 2018 was based on profit attributable to ordinary shareholders of INR 916 lakhs (2017: INR 1310.06 lakhs), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 594.17 lakhs (2017: 500.25 lakhs)

	31st March 2018	31st March 2017
1. Profit attributable to ordinary shareholders	916.00	1,310.06
2. Weighted average number of ordinary shares (diluted) for the year	594.17	500.25
3. Diluted EPS	1.54	2.62

C. Weighted average number of ordinary shares (diluted)

	31st March 2018	31st March 2017
Weighted average number of ordinary shares (basic)	544.17	450.25
Effect of shares to be issued to APIIC for purchase of land	50.00	50.00
	594.17	500.25

41 Long term contracts and derivatives contract in any financial years

The company has long term contracts for supply of gas. There are no foreseeable losses on such contracts. The company does not have any derivatives contract.

42 Subsequent events

They were no subsequent events post the year end.

43 Operating Segments

The company is engaged in the business of gaseous fuel. This being a single segment no separate figures are given

44 Previous year figures have been regrouped and / or rearranged wherever necessary to confirm with current year groupings

For S.Daga & Co.,
Chartered Accountants
FR No: 000669S

For and on behalf of Bhagyanagar Gas Limited

Pavan Kumar Bihani
Partner
Membership No.: 225603

Sanjiv Gujral
Director - Commercial-cum-CFO
DIN No.: 07808552

G. Maheswari
Company Secretary
Membership No. F6574

Place: Hyderabad
Date: 11th May 2018

S.V. Prasad
Managing Director
DIN No.: 02897631

S.P. Gupta
Chairman
DIN No.: 07236361



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF BHAGYANAGAR GAS LIMITED, HYDERABAD FOR THE YEAR ENDED 31 MARCH 2018

The preparation of financial statements of Bhagyanagar Gas Limited, Hyderabad for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 11 May 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of Bhagyanagar Gas Limited, Hyderabad for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditor's report.

For and on behalf of the
Comptroller and Auditor General of India

Place: Hyderabad
Date: 16 July 2018

(L. Tochhawng)
Director General of Commercial Audit &
Ex-Officio Member, Audit Board,
Hyderabad

ATTENDANCE SLIP
BHAGYANAGAR GAS LIMITED

J.V of GAIL (INDIA) LIMITED & HPCL

Regd. Office: Parishram Bhavan, TSIDC Building, Basheerbagh, Hyderabad - 500 004
CIN: U40200TG2003 PLC041566; website:www.bglgas.com ;E-mail: corporatehq@bglgas.com
Phone :040-23246986; Fax:040-23245081

Folio No/ Client ID: DP ID :

Name of the Shareholder :

Registered address :

E-mail Id :

I hereby record my presence at the 15th Annual General Meeting of Bhagyanagar Gas Limited, at Parisrama Bhavan, TSIDC Building, Basheerbagh, Hyderabad-500 04 on Monday, 24th September, 2018 at 3.00 P.M.

Signature of the Shareholder/Proxy Holder

Note: Shareholders present in person or through registered proxy shall only be entertained.

PROXY FORM
BHAGYANAGAR GAS LIMITED

J.V of GAIL (INDIA) LIMITED & HPCL

Regd. Office: Parishram Bhavan, APIDC Building, Basheerbagh, Hyderabad - 500 004
CIN: U40200TG2003 PLC041566 Website:www.bglgas.com E-mail:corporatehqo@bglgas.com
Phone :040-66566986; Fax:04066565081

Name of the Shareholder :

Registered address :

E-mail Id :

Folio No/ Client Id: DP ID :

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name:
Address:
E-mail Id:
Signature:....., or failing him

2. Name:
Address:
E-mail Id:
Signature:....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 15th Annual General Meeting of the members of Bhagyanagar Gas Limited will be held on Monday, 24th day of September 2018 at 3:00 P.M. at registered office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

SN. No.	Matter of resolution	Vote	
		For	Against
Ordinary Business			
1	To receive, consider and adopt the audited Financial Statements for the financial year ended 31 st March, 2018 and Report of Board of Directors' and Auditors' Report thereon.		
2	To appoint a Director in place of Shri Sanjiv Gujral (DIN 07808552) who retires by rotation and being eligible, offers himself for re-appointment.		
3	To authorize Board of Directors of the Company to fix remuneration of Statutory Auditors of the Company M/s S.Daga & Co., Chartered Accountants(Firm Registration No: 000669S) appointed by Comptroller and Auditor General of India for the financial year 2018-19, in terms of the provisions of Section 142 of the Companies Act, 2013.		

Special Business			
4.	Appointment of Shri S.V.Prasad (DIN 02897631) as Director on the Board.		
5.	Appointment of Shri S.V.Prasad (DIN 02897631) as Managing Director on the Board.		
6.	Appointment of Shri Satyabrata Bairagi (DIN 08167365) as Director		
7.	Remuneration to Cost Auditors for financial year 2018-19.		

Signed this.....day of.....2018

Affix revenue
stamp

Signature of shareholder :

Signature of Proxy holder(s):

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.
2. The proxy form should be signed across the stamp.
3. Appointing a proxy does not prevent a member from attending the meeting in person if so wishes.



Bhagyanagar Gas Ltd.

Bhagyanagar Gas Limited

A Joint Venture of GAIL & HPCL



**15th Annual Report
2017-18**